

# Community Pharmacy Services Agreement

between

**«DHB\_NAME» DHB**

Contact: «CONTRACTDEPUTY\_NAME»

and

**«PROVIDER\_NAME»**

**For the Provision of Pharmacy Services**

«PROVIDER\_ADDRESS»

«PROVIDER\_ADDRESS2»

«PROVIDER\_CITY»

Ph: «PROVIDER\_PHONE»

Fax: «PROVIDER\_FAX»

Contact: «PRVDRCONTACT\_NAME»

Note to Providers signing this Agreement after 30 June 2017:

This Agreement is a consolidated version of the community pharmacy services agreement and incorporates the original 2012 agreement and all variations since (up to June 2017).

This Agreement was originally agreed between District Health Boards and Providers at a time when the government was moving towards patient-centric payment arrangements. Accordingly, this Agreement provides for various transitional arrangements, which were only ever intended to apply temporarily during a "transition period". The transition period is now over. This Agreement also provides for payment arrangements specific to the "Renewal Period". The "Renewal Period" is now over.

Practically this will mean that you will see various references to time periods and actions (particularly in respect of payment arrangements) that occurred in the past. None of these references or provisions are intended to imply that the clause or any part of this Agreement applies retrospectively, unless that is expressly stated. It is important for the DHBs to retain all of these provisions in this Agreement, in the interests of maintaining one common agreement that governs funding arrangements with each community pharmacy services provider. If you have any questions about the interpretation and application of the provisions of this Agreement, you are encouraged to raise this with your DHB Portfolio Manager and/or to seek legal advice.

## Contents

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<b>Parts</b>		<b>Page No.</b>
<b><i>Introduction and Services Summary</i></b>		
Part A	Guide to this Agreement	3
Part B	Key terms and execution of this Agreement	5
Part C	Summary of Services to be provided	8
Part D	General purposes and principles	9
Part E	Definitions and construction	15
<b><i>Maori Health and Other Population Groups</i></b>		
Part F	Maori health and other population groups	27
<b><i>Quality</i></b>		
Part G	Quality Specifications	30
<b><i>Prices, Claiming and Payment</i></b>		
Part H	Payment for Services and Pharmaceuticals, claiming procedure and payment terms	37
<b><i>Our Continuing Relationship</i></b>		
Part I	Meetings, reporting and information	38
Part J	Audits	43
Part K	Dispute resolution	46
Part L	Variation of Agreement	48

### ***Further Terms***

Part M	Terms governing your dealings with third parties	51
Part N	Other miscellaneous terms governing our relationship	54
Part O	Failure to perform and termination of Agreement	57

### ***Special Terms***

Part P	Provider specific terms and conditions	62
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### **Schedules**

Schedule C1	Service specifications	63
Schedule C2	Clozapine Dispensing Protocols	64
Schedule H1	Payment terms	65
Schedule J1	Audit Framework	66
Schedule N1	Bank account details	68

The full versions of the following Parts and Schedules are located after Schedule N1 in the following order:

Part C	Summary of Services to be provided	69
Schedule C1	Service specifications	72
Schedule C2	Clozapine Dispensing Protocols	114
Part H	Payment for Services and Pharmaceuticals, claiming procedure and payment terms	119
Schedule H1	Payment terms	151

## Part A. Guide to this Agreement

### A1. This Part is not legally binding

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This Part A provides a guide to the nature and structure of the Agreement and to the location of some important provisions. It is intended that you will use this Part to obtain an overall sense of how the Agreement works before considering each of the other Parts in detail. Notwithstanding anything else in this Agreement, this Part A does not constitute a legally binding commitment.

### A2. Introduction

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#### A2.1 Parties to this Agreement

We are the «DHB\_NAME» **District Health Board**, responsible for providing funding to ensure the provision of health and disability support services for our resident population under the Act. You are a Provider of pharmacy services.

#### A2.2 Funding and provision of services

In this Agreement, we agree to fund, and you agree to provide, services for Eligible Persons in accordance with the terms and conditions set out under the various Parts and Schedules.

#### A2.3 Interpretation of this Agreement

Some of the expressions used in this Agreement have defined meanings. Part E sets out the definitions of these expressions. These expressions will be shown with initial capital letters in the text of the Agreement. This Part A, however, mostly avoids using these defined expressions to allow you to get an informal overview of the Agreement.

### A3 Basic structure of the Agreement

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#### A3.1 Modular approach

This Agreement has been divided into Parts. Each Part deals with a particular topic or with closely related topics. It is envisaged that this “modular” approach will enable significant amendments to be more readily incorporated into the Agreement because entire Parts can be replaced without disruption to the integrity of the document.

#### A3.2 Sectional analysis

Part B sets out certain key terms of the Agreement. It deals with the basic scope and duration of the Agreement and provides a space for signing. Generally, the first clause of each Part will identify the key obligation or obligations associated with the subject matter of that Part. Sometimes a clause within a Part will refer you to a Schedule. The Schedules are located at the end of the Agreement. The Schedules tend to contain the more technical or specialised information.

### A4 Our respective responsibilities

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#### A4.1 The responsibilities of us both

Some Parts of this Agreement focus on the responsibilities of us both. In general terms, **we both agree to:**

- (a) be guided in our dealings by the purposes and principles set out in Part D;
- (b) comply and co-operate with the procedure for meetings and reporting set out in Part I and the dispute resolution procedure set out in Part K;
- (c) accept and comply with the variation provisions set out in Part L and the failure to perform and termination provisions set out in Part O; and
- (d) comply with the miscellaneous provisions governing our relationship set out under Part N.

#### **A4.2 Your responsibilities**

Some Parts of this Agreement focus on your responsibilities. In general terms, **you agree to:**

- (a) provide the services described in Part C to the quality specifications set out in Part G;
- (b) observe the requirements relating to the health of Maori and other population groups set out in Part F;
- (c) claim for payment in accordance with the claiming procedure set out in Part H;
- (d) comply and co-operate with the reporting and information management requirements set out in Part I and the auditing procedures set out in Part J; and
- (e) deal with third parties according to the provisions set out under Part M.

#### **A4.3 Our responsibilities**

Some Parts of this Agreement focus on our responsibilities. In general terms, **we agree to:**

- (a) pay you for providing services to eligible people in accordance with the terms and conditions set out in this Agreement on the pricing, claiming and payment terms set out in Part H; and
- (b) undertake the auditing functions set out in Part J.

### **A5 Provider specific terms and conditions**

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Part P contains Provider specific terms and conditions that are departures from, or additions to, the standard terms in the remainder of the Agreement. These terms and conditions are specific to you, your provider type or the type of services you provide. The provisions of Part P apply notwithstanding anything in the remainder of this Agreement. Where there is a conflict between these provider specific terms and conditions and any other terms in this Agreement, these provider specific terms and conditions take precedence and apply over any other terms. Because these provider specific terms and conditions override what you may have already read in the remainder of the Agreement, you should check Part P every time you refer to the Agreement.

## Part B. Key terms and execution of this Agreement

### B1 Scope

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#### B1.1 This Agreement and other relevant documents

We agree to fund, and you agree to provide, the Services for Eligible People in accordance with the terms and conditions set out in this Agreement and, to the extent applicable, in accordance with:

- (a) the Pharmaceutical Schedule;
- (b) the Pharmaceutical Transactions Data Specification;
- (c) the Procedures Manual; and
- (d) the LTC Pharmacy Services Protocol.

#### B1.2 Order of priority

We both acknowledge and agree that, in the event of any conflict between this Agreement and the other documents specified in clause B1.1, the order of priority in respect of these documents is:

- (a) the Pharmaceutical Schedule;
- (b) the Pharmaceutical Transactions Data Specification (solely in relation to matters concerning the file formats and data to be provided to Sector Services for the purposes of processing claims);
- (c) the LTC Pharmacy Services Protocol;
- (d) this Agreement; then
- (e) the Procedures Manual.

#### B1.3 Compliance with Pharmaceutical Schedule

We will, through PHARMAC make available to you, free of charge, a total of one hard copy per Premises of the Pharmaceutical Schedule. You agree to comply with the requirements in the Pharmaceutical Schedule when providing the Services and Pharmaceuticals, provided that we shall not initiate any proposals to PHARMAC for changes to the Pharmaceutical Schedule that would defeat your legitimate expectations under this Agreement.

#### B1.4 Variations to Pharmaceutical Schedule

You acknowledge that the Pharmaceutical Schedule may be varied from time to time by PHARMAC. If you have a particular concern regarding any change to the Pharmaceutical Schedule, you may notify us in writing of your concern and we will then use our reasonable endeavours to address it with PHARMAC, which may entail discussion(s), meeting(s) or correspondence with PHARMAC, as appropriate.

#### B1.5 Amendments during the transition period

- (a) This Agreement represents a change to the pharmacy funding and service model.
- (b) During the transition period we will, through the Community Pharmacy Services Governance Group (CPSGG) and the Community Pharmacy Services Operational Group (CPSOG), make refinements to the Services and payment provisions in accordance with the LTC Pharmacy Services Protocol. You agree to comply with any revised LTC Pharmacy Services Protocol.

### B2 Duration of the Agreement

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#### B2.1 Commencement

This Agreement comes into effect on the Commencement Date, which is «CONTRACT\_STARTDATE».

## B2.2 Termination

This Agreement ends on the Termination Date, which is either:

- (a) the Set Termination Date of 30 June 2018, subject to any variation in accordance with Part L; or
- (b) the date of any earlier termination in accordance with Part O.

## B2.3 Renewal<sup>1</sup>

- (a) Subject to paragraph (b) below, we may extend this Agreement for a further 12 months by giving you written notice prior to 31 March 2016. If extended, the further 12 month period will be 1 July 2016 to 30 June 2017 (the **Renewal Period**). For the avoidance of doubt, if this Agreement is not extended for the Renewal Period, clauses in this Agreement relating to the Renewal Period will be of no effect.
- (b) Where we extend this Agreement in accordance with paragraph (a) above we may also accompany the notice of renewal with a 'Notice of Confirmation or Adjustment of Service Fees' which either confirms that there shall be no change to any or all of the existing Service Fees (or the initial or repeat base service fees, as applicable) that apply, or which sets out the necessary adjustments to one or more of the Service Fees (or the initial or repeat base service fees, as applicable) that shall apply during the Renewal Period (as determined in accordance with clause H31.1) provided that a Notice of Confirmation or Adjustment of Service Fees can only be issued where the Service Fees (or the initial or repeat base service fees, as applicable) would be confirmed or set at an amount equal to, or greater than, the amount of each equivalent and respective Service Fee (or the initial or repeat base service fees, as applicable) that applied during the period 1 July 2015 to 30 June 2016.<sup>2</sup>
- (c) Subject to any increase to the Service Fees (or the initial or repeat base service fees, as applicable) that may be agreed as being necessary in accordance with clause H31.4, we both agree that the Service Fees (or the initial or repeat base service fees, as applicable) specified in the Notice of Confirmation or Adjustment of Service Fees will be the Service Fees (or the initial or repeat base service fees, as applicable) that apply during and from the commencement of the Renewal Period.
- (d) The decision of whether to renew this Agreement for the Renewal Period will be made by the 20-DHB Collective following a recommendation by CPSGG and will be approved and effected by us through the issue of a notice under clause B2.3(a).
- (e) For the avoidance of doubt, we may not give you a Notice of Confirmation or Adjustment of Service Fees where the amount of any Service Fee (or the initial or repeat base service fees, as applicable) that would apply during the Renewal Period (as determined in accordance with clause H31.1) would be an amount less than the amount of each equivalent and respective Service Fee (or the initial or repeat base service fee, as applicable) that applies during the period 1 July 2015 to 30 June 2016.
- (f) In light of the possibility that we may terminate this Agreement during the Renewal Period and our commitment to pay a minimum total amount of \$380,932,798.50 for Handling Fees, Service Fees and any other amounts (excluding the subsidy cost of the Pharmaceuticals and amounts payable as a margin towards the procurement and stockholding costs of Pharmaceuticals) to all Providers in respect of Dispensing undertaken during the Renewal Period (assuming a full 12 month Renewal Period), the Notice of Confirmation or Adjustment of Service Fees will also specify, in respect of each month of the Renewal Period, how much of the minimum total amount of \$380,932,798.50 is allocated against each month in order to add up to the minimum total amount over the full Renewal Period (each monthly amount being an **Early**

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<sup>1</sup> From 1 July 2017 onwards, all references to the "Renewal Period" are historic.

<sup>2</sup> The Notice of Confirmation or Adjustment of Service Fees was issued on 21 March 2016 confirming that there will be no change to any of the Service Fees (or the initial or repeat base service fees, as applicable). Accordingly, the Service Fees set out in this Agreement continue to apply for the duration of the Renewal Period, unless subsequently varied by us in accordance with this Agreement.



**Termination Wash-up Milestone).** The amount of each Early Termination Wash-up Milestone will be calculated by (or on behalf of) DHBs and reviewed by CPSOG based on a seasonally adjusted cumulative monthly share of \$380,932,798.50.

- (g) The Notice of Confirmation or Adjustment of Service Fees will also specify the annual capped amount of expenditure for brand-switch fees (BSF) that will apply during the Renewal Period for the purposes of paragraph (c) of the definition of Targeted Expenditure Range in clause E1.3.<sup>3</sup>

### B3 Execution

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By our respective authorised signatories signing below, we both agree to comply with and be bound by the terms and conditions of this Agreement.

«DHB\_NAME» District Health Board  
by:

«PROVIDER\_NAME» by:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

\_\_\_\_\_  
Position

\_\_\_\_\_  
Position

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

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<sup>3</sup> The Notice of Confirmation or Adjustment of Service Fees issued on 21 March 2016 specified that the annual capped amount for the brand-switch fees for the year 1 July 2016 to 30 June 2017 is: \$2,000,000.

## **Part C. Summary of Services to be provided**

For document management and systems-related reasons associated with implementation of the new service model, this Part C is currently located at the end of the Agreement, after Part P.

## Part D. General purposes and principles

### D1 Nature of this Part

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This Part D clarifies the intentions and commitment of the parties for the period of this Agreement and provides a broad context, which is intended to assist with the interpretation and implementation of all other provisions of this Agreement.

### D2 Purposes of this Agreement

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This Agreement has the following general purposes:

- (a) **Give effect to New Zealand Public Health and Disability Act 2000**  
To provide for the funding and provision of health and disability support services as contemplated by the Act.
- (b) **Improve health generally through quality services**  
To improve, promote and protect the health of Eligible People, and to promote the inclusion and participation in society of Eligible People with disabilities, by providing Eligible People with the best quality and most cost-effective community pharmacy services based on statutory, contractual and professional standards and codes of practice.
- (c) **Improve health of Maori and other population groups**  
To reduce health disparities and improve health outcomes by identifying and targeting the specific needs of Maori and other population groups.
- (d) **Create good working relationship based on mutual confidence and trust**  
To create a relationship between us both which enables us to work together to achieve the best possible population health outcomes while recognising each other's legitimate interests.
- (e) **Achievement within funding envelope**  
To pursue the purposes stated above to the extent that they are reasonably achievable within the funding envelope for community pharmacy services.

### D3 Service delivery principles

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We both recognise the importance of the following Service delivery principles:

- (a) **Comprehensive service**  
All Eligible People should have access to comprehensive, co-ordinated and continuing health and disability services, and this includes community pharmacy services.
- (b) **Quality services**  
Eligible People have a right to expect high quality provision of community pharmacy services. DHBs have a responsibility to monitor the agreed service quality provided by you both through auditing and by reviewing your quality systems.
- (c) **Professional standards**  
Minimum clinical quality standards for professional community pharmacy practice will be determined by appropriate professional standards groups.
- (d) **Finite health resources**  
Health resources are a finite resource and preferred solutions are those that maximise population health outcomes while, reducing duplication of service, maximising the clinical skills of health professionals and strengthening the linkages between providers of care within the limits of available resources.
- (e) **Equity of access to community pharmacy services**  
Subject to recognised medical ethics and geographical limitations, all people should have equitable access to quality community pharmacy services according to their needs and their ability to benefit.

- (f) Equity of outcome for Maori**  
The health of Maori is a priority area. Strategies to ensure that the health of Maori is improved are essential to equity of health outcomes for all Eligible People.
- (g) Equity of outcome for other population groups**  
The health of other population groups is a priority area. Strategies to ensure that the health of these groups are improved are essential to equity of health outcomes for all Eligible People.
- (h) User choice**  
Eligible People have the right to choose their community pharmacy Provider(s).
- (i) Evidenced based**  
You should provide the Services based, as far as you are able, on the best clinical evidence.
- (j) Prescriber feedback**  
You should work with Prescribers on a regular basis to obtain feedback on the delivery of community pharmacy services as a way of improving the outcomes for Service Users.

## **D4 Relationship principles**

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We both recognise that the following relationship principles are important and intend that they will guide each of us in our dealings with each other under this Agreement:

- (a) Dealings between us both**  
We both agree to use reasonable endeavours to conduct all negotiations, discussions or dealings under, or pursuant to, this Agreement directly with each other.
- (b) Recognition of each others skills**  
We both recognise and value the other's skills and expertise where required quality standards are met.
- (c) Open and transparent dealings**  
We both agree to act in an open and transparent manner with each other.
- (d) Long term relationship**  
We both agree to foster a long-term co-operative and collaborative relationship, which adheres to the principles of good faith, to enable us both to achieve our respective objectives efficiently and effectively.
- (e) Interdependence**  
We both recognise our and your interdependence and will, as appropriate, Consult each other early and with an open mind.
- (f) Joint action**  
We both acknowledge that some quality improvements and health gain opportunities can only be achieved by joint action.
- (g) Developments and change**  
We both agree to apply the principles described in clauses D3 and D4 in a way that will promote continuing quality improvement and achieve health gain objectives through service development and change.
- (h) Good faith negotiations**  
We both agree to conduct all negotiations and implement agreements in good faith.
- (i) Setting reasonable time frames**  
We both recognise the importance of fixing mutually acceptable time frames for negotiation which include reasonable progress milestones.
- (j) Continuous improvement**  
We both acknowledge the need for, and commitment to, continuous improvement in service delivery and health outcomes within available funding. We both agree to fully contribute to processes that deliver improvements to health status.

**(k) National consistency**

We both agree to promote national consistency and continuity of care in contracting for the Services while recognising and where possible accommodating, the demonstrable need for regional or local variations.

**(l) Issue resolution**

We both agree to discuss the resolution of any issues or problems that may arise in relation to the interpretation or application of this Agreement.

**(m) Future community pharmacy strategies and policies**

We both acknowledge that we will continue to develop and implement future funding strategies and policies for community pharmacy services in order to ensure the efficient and effective use of public money and the sustainability of the community pharmacy sector. This will take into account the recommendations from the Contract Group and the Expert Advisory Group and service requirements within our DHB's geographical area.

**(n) Co-operation and Consultation**

We both agree to co-operate with each other to ensure the development and implementation of the strategies and policies referred to in paragraph (m). We agree to Consult with you in respect of the evolution of community pharmacy services and it's contribution to the Government's health strategy and objectives.

**(o) Strategic or policy obligations**

We both acknowledge that we are subject to, and must comply with, the strategic or policy directions of the Crown. We agree to Consult with you, where appropriate, early and with an open mind. You agree not to act in an unreasonable manner that would prevent us from complying with any strategic or policy directions of the Crown.

**D5 Statements of Purpose Covering the three year transition of this Agreement**

<p><b>1. Risk Sharing</b></p>	<p><u>1. Start point</u></p> <p>An agreed minimum dataset is required to monitor and manage the risks, quality and sustainability of the new Services including improvements, delivery and funding allocation under the Community Pharmacy Services Agreement (CPSA). Total initial items (/0 and /1 items) start point ("<b>Initial Rx start point</b>") is the actual data from 1 July 2011 to 30 June 2012. DHBs confirm that as of mid-May 2012 the actual total items will be less than the quantum on which the envelope was constructed for 2012/13.</p> <p>DHBs and Pharmacy Agents expect that:</p> <ul style="list-style-type: none"> <li>- Activity will be closely monitored by the Community Pharmacy Services Operational Group (CPSOG) and reviewed by the Community Pharmacy Services Governance Group (CPSGG) and that DHBs and Pharmacies will take all reasonable steps to avoid triggering the risk clause.</li> <li>- Population growth plus demographic changes will likely result in a 2.5% per annum growth in initial prescription items from the start point.</li> <li>- All dispensings for subsidised medicines are recorded.</li> <li>- The number of new items per Service User dispensed per annum will not increase (above and beyond that anticipated to cover demographic change).</li> <li>- There is an expectation that repeat reductions in dispensing will be enabled early in the transition. There is expected to be a reduction of at least 5 million repeat dispensings achievable through Pharmacy implementing appropriate business measures and delivering the new service models. Dispensing activity can be influenced by three parties - PHARMAC, Prescribers and Pharmacies:                         <ul style="list-style-type: none"> <li>o PHARMAC is expected to use best endeavours to modify 'frequency of dispensing' via the Pharmaceutical Schedule rules</li> <li>o Prescribers are expected to limit the level of repeats to that</li> </ul> </li> </ul>
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	<p>which is clinically indicated</p> <ul style="list-style-type: none"> <li>○ Pharmacies are expected to limit the level of repeats to that which is clinically indicated             <ul style="list-style-type: none"> <li>▪ <i>'Pharmacy Influenced Repeats'</i> means where the pharmacist is not prevented by legislation, regulation or the Pharmaceutical Schedule Rules from dispensing less frequently, and the repeats are clinically appropriate.</li> </ul> <p>Steps will be taken to distinguish between these three types of repeats - PHARMAC influenced, Prescriber influenced and Pharmacy influenced.</p> </li> <li>– The definitions or recording practice of any measure used to assess the triggering of the risk clause will not change significantly.</li> <li>– The numbers of people who can significantly benefit from registration in the LTC Pharmacy Service are not expected to exceed 200,000 Service Users and that the CPSOG is expected to closely monitor the application of the criteria in the LTC Service Eligibility Assessment Form and recommend to the CPSGG changes to the threshold to ensure ongoing balance between LTC Pharmacy Services and Core Pharmacy Services within the agreed funding envelope.</li> <li>– Throughout the transition period, the reduction in the number of repeat dispensed items is expected to be greater than the growth in the number of new initial items dispensed.</li> <li>– If triggered, and through the CPSGG recommendations to the 20-DHB Collective, changes to the funding envelope allocation (both increases and reductions) are to be fair and reasonable - See clause H 23.3 of this Agreement.</li> <li>– In determining the level of any fair and reasonable adjustment to the envelope DHBs will be bound by the principles in the CPSA (refer to clause H 23.6 of this Agreement).</li> <li>– The LTC Pharmacy Services Service Fee will not be commenced and the Transition Payment will continue to apply prior to 1 February 2013 or at least 3 months following the e-enablement of the LTC Service Eligibility Assessment Form.</li> </ul> <p><b>Triggers</b></p> <table border="1" data-bbox="450 1339 1404 1610"> <tr> <td data-bbox="450 1339 836 1408"><b>Growth in the number of initial prescription items</b></td> <td data-bbox="836 1339 1404 1408"></td> </tr> <tr> <td data-bbox="450 1408 836 1509">Greater than 5% per annum cumulative above the start point</td> <td data-bbox="836 1408 1404 1509">Review as per H23.3</td> </tr> <tr> <td data-bbox="450 1509 836 1610">Lower than the start point</td> <td data-bbox="836 1509 1404 1610">Review with a view to determining what additional pharmacy services could be funded within the envelope</td> </tr> </table>	<b>Growth in the number of initial prescription items</b>		Greater than 5% per annum cumulative above the start point	Review as per H23.3	Lower than the start point	Review with a view to determining what additional pharmacy services could be funded within the envelope
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Greater than 5% per annum cumulative above the start point	Review as per H23.3						
Lower than the start point	Review with a view to determining what additional pharmacy services could be funded within the envelope						
<p><b>2. Ensuring the Dispensing Ratio is fairer</b></p>	<ol style="list-style-type: none"> <li>1. In order to minimise any unfair unintended consequences of a high dispensing ratio it has been agreed to review some ratios as quickly as possible.</li> <li>2. The dispensing ratios that will be reviewed are:             <ul style="list-style-type: none"> <li>○ those that have seen growth over the last 4 years (2 Standard Deviation outliers); or</li> <li>○ all dispensing ratios over 2.5.</li> </ul> </li> <li>3. These ratios will be reviewed by 1 October 2012.</li> <li>4. If the patient population does not justify the Pharmacy's Dispensing Ratio, following a review of numbers registered to receive the LTC Pharmacy Service and/or evidence that this ratio represents 'Pharmacy Influenced Repeats', it will be modified from 1 February 2013. This will be modified after excluding:</li> </ol>						

	<ul style="list-style-type: none"> <li>○ Close Control that is more frequent than monthly;</li> <li>○ ARRC dispensed volumes; and</li> <li>○ Specific Services (e.g. methadone).</li> </ul> <p>5. Should the Pharmacy's individual revenue under this Agreement drop below 80% of the 2011-12 year's revenue, the DHB of domicile will discuss options with the Pharmacy, including variations outside the envelope, to ensure continued access to essential services. This will be subject to the appeals process as identified in Part H.</p> <p>6. Anonymised information on the outcomes of this process will be reported to the CPSOG.</p>
<p><b>3. Ensuring a balance between the service fee levels <i>within</i> the funding envelope</b></p>	<p><b>Core Dispensing</b></p> <ul style="list-style-type: none"> <li>– There is a commitment to ensure the Core Pharmacy Services Service Fee for initial dispensing (comprising the Service fee, Handling fee and the Transition Payment) retains consistency with the current \$5.30 dispensing payment, maintaining a balance with the LTC Pharmacy Services Service Fee within the funding envelope.</li> </ul> <p><b>Community Pharmacy Anti-coagulation Management Services (CPAM Services)</b></p> <ul style="list-style-type: none"> <li>– CPAM Service funding levels have been agreed as up to \$1.5million for 2012/13, \$2.5million for 2013/14 and \$3.5million for 2014/15. Funding from these budgets not allocated to CPAM Service delivery will remain in the envelope for further allocation to pharmacy through the Transition Payment (refer to H22.1).</li> <li>– The CPSOG will review pharmacy delivery against the service expectation as per the CPAM Services Service Specification in Schedule C1.</li> </ul> <p><b>Quality</b></p> <ul style="list-style-type: none"> <li>– The Quality Incentive Payment is up to 5% of the total funding envelope from 1 February 2013 to reward the delivery of quality services. The CPSOG will develop, consult on, and oversee the quality framework indicators.</li> <li>– The quality payment will be paid monthly if the Pharmacy has met the indicators of the quality framework.</li> </ul> <p><b>Brandswitch</b></p> <ul style="list-style-type: none"> <li>– Any funding not expended on Brandswitch will remain in the envelope for further allocation to Pharmacy through the Transition Payment.</li> </ul> <p><b>New Service</b></p> <ul style="list-style-type: none"> <li>– New services will be provided within the Annual Funding Envelope in the following circumstances:                         <ul style="list-style-type: none"> <li>○ as replacement for existing services funded through the envelope; and/or</li> <li>○ when reduction in Initial prescriptions has triggered a review and recommendation (refer Statement of Purpose #1); and/or</li> <li>○ when new funding is introduced to the envelope sufficient to sustainably fund the delivery of the new services.</li> </ul> </li> </ul>
<p><b>4. Ensuring that high LTC registrations do not impact the balance of funding to Core Services or compromise LTC service delivery</b></p>	<p>The CPSOG is charged with continuously improving the assessment criteria in LTC Service Eligibility Assessment Form to ensure that Service Users registered to receive LTC Pharmacy Services will 'significantly benefit' from this service according to assessed need, and noting this is expected to achieve a balance <i>within the funding envelope with Core Pharmacy Services</i>.</p> <p>The CPSOG is charged with monitoring numbers of LTC Pharmacy Services registrations on a monthly basis and reporting to the CPSGG.</p> <p>When the number of Service Users is forecast either to exceed 150,000 registrations this must trigger active review of the assessment criteria in the LTC Service Eligibility Assessment Form including the threshold for access, ensuring</p>

	<p>Service Users registered meet the requirement of the ability to significantly benefit from the LTC Pharmacy Service. This is expected to achieve a balance with Core Pharmacy Services within the Annual Funding Envelope.</p>
<p><b>5. E-enabling of the LTC Service Eligibility Assessment Form</b></p>	<p>The following tools are to be simplified and e-enabled as soon as possible (using best endeavours and working with the dispensary systems vendors):</p> <ul style="list-style-type: none"> <li>– LTC Service Eligibility Assessment Form incorporating the Service User's Medication Management Plan and Service User registration details</li> <li>– New contract data requirements (Feb 2013)</li> </ul> <p>The CPSOG is charged with developing and implementing a detailed timeline of workstream activity to ensure the above e-enablement and to monitor closely the delivery of electronic systems as soon as possible. The workplan will be monitored closely by the CPSGG.</p> <p>The LTC Pharmacy Services Service Fee is not expected to commence prior to 1 February 2013 or at least 3 months after the availability and initiation Community Pharmacy Services of the electronic systems.</p> <p>Funding for IT enablement, both for the activities listed above and any subsequent developments required to enable the CPSA or multi-disciplinary team shared information platforms, or implement the e-prescribing project, are to be funded outside the Annual Funding Envelope.</p>
<p><b>6. High risk / Mental Health &amp; Addiction / Disability Service Users</b></p>	<p>Over the first 7 months it is acknowledged that funding for Pharmacies to service this group will be relatively stable through use of the Transition Payments.</p> <p>The CPSOG shall undertake a work programme from 1 July 2012.</p> <p>The work programme shall focus on at risk-groups which may not be fully supported and adequately cared for within the context of the new CPSA. This project shall involve mental health, addiction and disability service providers, pharmacies, PHOs and GP providers, PHARMAC and DHBs.</p> <p>The outcome of this work plan to be a report to the CPSGG to inform planning how to keep these patient groups safe within the context of the CPSA.</p>
<p><b>7. Audit</b></p>	<p>Timely, effective and transparent audit is essential to ensuring funding arrangements are fair and equitable to all providers.</p> <p>The implementation of the new service and funding model will be supported by a robust audit strategy. The Audit Sub-Group will actively monitor the Audit Strategy, and will work closely with Audit and Compliance and Pharmacy Agents. This will include the trends in key variables that would indicate the services funded are not being provided to the level required by the Agreement. This would specifically include but would not be limited to:</p> <ul style="list-style-type: none"> <li>– LTC registrations</li> <li>– Initial script numbers</li> <li>– Ratio of initial to repeat script numbers</li> </ul> <p>The Audit Sub-group will notify the CPSOG immediately upon noting a variable or trend of concern for a pharmacy or group of pharmacies that it is concerned with.</p> <p>An important role of the Audit Sub-Group is to advise on audit processes and tools, in particular to ensure that suitably experienced and qualified community pharmacy input is available for clinical audits.</p>
<p><b>8. Role of the CPSGG and the CPSOG</b></p>	<p>The CPSGG and CPSOG activities and mandate are described in the Terms of Reference. These Terms of Reference are embedded in Part I of the CPSA.</p>
<p><b>9. Evaluation</b></p>	<p>A process and outcome evaluation will be undertaken. The scope of the evaluation will be agreed by the CPSGG.</p>
<p><b>10. Ethical and medico-legal Issues</b></p>	<p>Community pharmacists must be able to safely determine the period of supply within legal requirements, to achieve the reduction in repeat dispensings described in (1) <i>Risk Sharing</i>, and to manage ongoing volume growth.</p>



<b>11. Term</b>	The CPSA Agreement is for a three year term. 18 months into the term, DHBs and Pharmacy Agents will review the next stage of the CPSA.
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## Part E. Definitions and Construction

### E1 Definitions

#### E1.1 Nature of this clause

This clause E1 sets out the definitions of expressions that are used throughout this Agreement. These defined expressions will be shown in initial capitals in the text of the Agreement.

#### E1.2 References to the parties

**We, us, our** means «DHB\_NAME» District Health Board;

**You, your** means «Provider\_Name»;

**We both, us both** means both you and we;

**Either of us** means either you or we; and

**Neither of us** means neither you nor we.

#### E1.3 Definitions applying to all Parts

In this Agreement, unless the context requires otherwise:

**2017/18 Financial Year** means the period 1 July 2017 to 30 June 2018 (inclusive).

**20-DHB Collective** means the group comprising representatives of each of the DHBs for the purpose of this Agreement;

**Act** means the New Zealand Public Health and Disability Act 2000 as amended from time to time, or any enactment relating to the funding and provision of health and disability services that replaces or succeeds the Act, and references to sections of the Act are to be read as references to equivalent sections of any replacement or successor enactment, as applicable.

**Actual Monthly Transition Pool** means the actual monthly transition pool described in clause H22.1(b)(ii).

**Actual Service Fee Payment** means a payment which may be paid to you three months after the start of the relevant Dispensing period (being a calendar month), which is based on Claim data submitted in the month or the month immediately following the relevant Dispensing period in relation to Dispensing undertaken in that period, calculated in accordance with clause H28.4 (b).

**Adjustment** means the difference between the Advance Service Fee Payment and the Actual Service Fee Payment.

**Advance Service Fee Payment** means a payment made to you in advance of the completion of the relevant Dispensing period (being a calendar month), prior to actual Dispensing activity for that Dispensing period being known, calculated in accordance with clause H28.4(a).

**Agreement** means this agreement between us both for the funding and provision of the Services.

**Agreement Reference Number** means the unique identification number that relates to this Agreement, which is printed on the cover of this Agreement.

**Allocated New Services Funding** has the meaning set out in clause H33.1.

**Annual Funding Envelope** means the total annual community pharmacy funding that is available from the DHBs for each financial year (from 1 July to 30 June) for any financial year ending on or prior to 30 June 2016, as set out in clause H23. For the avoidance of doubt, no funding envelope will apply from 1 July 2016.

**Annual Payment Adjustment** means the adjustment payment that may be made to you annually (in relation the most recent 1 July to 30 June year) using actual finalised Claim data, calculated in accordance with clause H30.

**ARRC Claim** means a Claim Item that relates to ARRC Pharmacy Services.

**ARRC Facility** means a hospital or rest home, which may contain dementia or psycho-geriatric beds, where an ARRC Provider is certified to provide ARRC Pharmacy Services to ARRC Service Users.

**ARRC Provider** means a person who is certified to provide hospital care services or rest home care services, as applicable, under the Health and Disability Services (Safety) Act 2001 in an ARRC Facility and has an agreement with us to provide such ARRC Pharmacy Services.

**ARRC Service User** means a Service User who:

- (a) qualifies under the Social Security Act 1964 as requiring long-term residential care in a hospital or rest home indefinitely; and
- (b) is receiving ARRC Pharmacy Services from an ARRC Provider in an ARRC Facility.

**ARRC Pharmacy Services** means age-related residential care services provided to ARRC Service Users in an ARRC Facility by an ARRC Provider as described in the service specification for Pharmacy Services to ARRC Service Users in ARRC Facilities in Schedule C1.

**Aseptic Pharmacy Services** means the services described in the service specification for Aseptic Pharmacy Services (including Syringe Driver Services) in Schedule C1.

**Audit** includes inspection, monitoring, audit, investigation, review and evaluation of your performance and compliance with the terms of this Agreement on the terms set out in Part J.

**Audit Framework** means the Audit programme framework described in Schedule J1, as amended by us from time to time following consultation with you.

**Auditor** means an auditor appointed to carry out an Audit under clause J2.5.

**Authorised NRT Agent** means a person authorised by us to issue NRT Exchange cards as part of the NRT Programme.

**Bulk Supply Order** has the same meaning given to it in Section A of the Pharmaceutical Schedule.

**Business Day** means a day on which your bank, our bank and our payment agent's bank are open for business.

**Claim** means a batch of Claim Items in respect of a particular Claim Period submitted by you to our Payment Agent for payment in accordance with this Agreement.

**Claim Item** means an individual transaction relating to the provision of Services and/or Dispensing of a Pharmaceutical in accordance with this Agreement.

**Claim Period** means either one of the four claim periods in a single calendar month as described in clause H3.1.

**Close Control** (refer to the **Pharmaceutical Schedule on Close Control**).

**Co-dispensed Opioid Services** means the supervision and monitoring services provided in addition to any services that would be provided to a Service User who is receiving Core Pharmacy Services, when you are Dispensing a Co-dispensed Pharmaceutical to a Service User. For the avoidance of doubt, when providing Co-dispensed Opioid Services to a Service User you are required to also provide (but are not able to Claim under Part H as if you were providing) Core Pharmacy Services when Dispensing that Co-dispensed Pharmaceutical);

**Co-dispensed Pharmaceutical** means:

- (a) a Pharmaceutical (not being a Pharmaceutical connected with the treatment of opioid dependence) that a Prescriber (other than a Prescriber contracted by you) clinically requires you to Dispense to a Service User who is receiving Pharmacy Methadone Services for Opioid Dependence (where either methadone or suboxone is being Dispensed), on the same frequency as a Pharmaceutical that is being Dispensed in connection with the treatment of opioid dependence (provided this Pharmaceutical is Dispensed on a frequency of weekly or more frequently) and is Dispensed to a Service User at the same time as that Service User is receiving Pharmacy Methadone Services for Opioid Dependence in order to ensure overall adherence to a medication regime (as evidenced by a relevant Prescription Form); and

- (b) so long as you are Dispensing at least one Pharmaceutical covered under paragraph (a) of this definition to a Service User, includes any other Pharmaceutical that you Dispense to that Service User

**Code of Ethics** means the publication issued by the Pharmacy Council of New Zealand pursuant to section 118(i) of the HPCA Act.

**Code of Health and Services Consumers' Rights 1994** means the code issued under the Health and Disability Commissioner Act 1994.

**Commencement Date** means the date the Agreement commences, as set out in clause B2.1 of this Agreement.

**Commercial Information:**

- (a) means any information disclosed by us to you or by you to us, either before or during the course of the Agreement, or arising out of the operation of the Agreement, that is agreed by us both as being confidential or that may reasonably be considered to be confidential taking into account all the circumstances, including the manner of and circumstances in which disclosure occurred; but
- (b) excludes the terms of this Agreement (except for bank account details and other information that is directly related thereto, which will constitute Commercial Information), unless agreed by us both as being Commercial Information.

**Community Pharmacy Analytical Team** means the analytical team responsible for providing analytical support for payments to the Community Pharmacy Services Operational Group.

**Compulsory Variation** means a variation to this Agreement described in clause L2.1 (b) or (c).

**Confidential Information** means Commercial Information and/or Health Information.

**Consult** means to comply with the following:

- (a) each of us must state our proposals and views to the other and carefully consider each response to them;
- (b) each of us must act in good faith and not predetermine any matter;
- (c) each of us must give the other adequate opportunity to consult any other interested party;
- (d) the obligation of either of us to consult will be discharged if the other refuses or fails to participate in the consultation in accordance with these requirements; and
- (e) the consultation must take place within a reasonable time frame.

and **Consultation** and **Consulting** have corresponding meanings.

**Contract Group** means the Contract Group established by the DHBs described in clause 11.4(a).

**Contribution to Cost Pressure** or **CCP** means a percentage set by the Ministry of Health to assist in off-setting sectoral cost pressures including inflation and salary adjustments;

**Core Pharmacy Services** mean the Services described in the service specification for Core Pharmacy Services in Schedule C1.

**Co-payment** has the meaning referred to in clause H4.4.

**Community Pharmacy Anti-coagulation Management Services** means the community pharmacy anti-coagulation management services described in the service specification for Community Pharmacy Anti-coagulation Management Services in Schedule C1.

**CPSGG** means the Community Pharmacy Services Governance Group described in clause 11.4(a).

**CPSOG** means the Community Pharmacy Services Operational Group described in clause 11.4(b).

**CRC Pharmacy Services** means community residential care pharmacy services provided by a Pharmacy Provider to CRC Service Users living in a CRC Service, as described in the service specification 'Community Residential Care (CRC) Pharmacy Services' in Schedule C1.

**CRC Service** means a community residential care (CRC) service run by a CRC Service Provider where the CRC Service Provider receives Government funding to provide CRC Service Users with accommodation (either in a large facility or individual units/group housing) and rehabilitative support. The CRC Service Provider may also provide CRC services to non-subsidised Service Users.

**CRC Service Provider** means an organisation funded by a Government agency to provide CRC services to CRC Service Users. The provider may also provide community residential care services to non-subsidised Service Users.

**CRC Service User** means a Service User with one or more of the following conditions living in a CRC Service:

- a) physical or sensory disability;
- b) intellectual disability;
- c) psychiatric disability (including drug and alcohol or addiction rehabilitation);
- d) a disabling chronic health condition.

This *includes* children and young people living in a CYF Residence under Section 364 of the Children, Young Persons and Their Families Act 1989, but *excludes* Service Users with these conditions living in their own homes or rented accommodation, living with family, or in a boarding arrangement. Services provided to Service Users receiving respite care in a CRC Service are also excluded. Refer to the 'Community Residential Care (CRC) Pharmacy Services Service Specification'.

**Crown** means the meaning given in the Act.

**Crown Direction** means any direction given by the Crown (by the Minister of Health under section 103 of the Crown Entities Act 2004 or otherwise) to us.

**Crown Funding Agreement** means the agreement between us and the Minister of Health pursuant to section 10 of the Act.

**CSC** means a community services card, as defined in the Health Entitlement Card Regulations 1993.

**Default Interest** means the interest to be paid on late payments in accordance with clause H16.

**Dentist** means a person registered as a dentist with the Dental Council under the HPCA Act who holds a current annual practicing certificate.

**DHB** means a District Health Board as established under section 19 of the Act.

**DHB Pharmacy Portfolio Manager** means your Pharmacy Portfolio Manager as appointed by us.

**DHBSS** means DHB Shared Services, a national arm of Central Region's Technical Advisory Services Limited.

**Dispensing** means the process of a Pharmacist providing a Service User or the Service User's caregiver, or a Prescriber, with a Prescription Item pursuant to a Prescription Form or order, and includes all the steps that occur from receipt of the Prescription Form or order at the Pharmacy to the Prescription Item being collected by, or delivered to, the Service User or the Service User's caregiver or Prescriber, and **Dispense** and **Dispensed** have corresponding meanings.

**Dispensing Ratio** means your dispensing ratio which we have provided to you in writing, as endorsed by the CPSOG, and as adjusted in accordance with clause H22.2 of this Agreement.

**Dispensing Ratio Sub-Group** means the Sub-Group established by the 20-DHB Collective in agreement with the CPSOG to consider matters relating to dispensing ratios assigned to Providers.

**DoB** means the Service User's date of birth, as identified on a prescription or supplied by a Service User.

**Due Date** means the fourth Business Day following the Claim Period to which the Claim in question relates.

**Exceptional Circumstance LTC Service User** means a Service User who has been approved for entry to receive LTC Pharmacy Services by the Exceptional Circumstances

Panel. Such Service Users will not meet the assessment tool criteria for entry to LTC Pharmacy Services.

**Exceptional Circumstances Panel** means the panel who will approve the applications for registration to receive LTC Pharmacy Services for Service Users who do not otherwise meet the eligibility criteria for direct entry. The panel will consist of 4 community pharmacists and 2 DHB representatives appointed by CPSOG.

**Expert Advisory Group** means the Expert Advisory Group established by the DHBs described in clause I1.4(b).

**Extemporaneously Compounded Preparation** means an extemporaneously compounded preparation that is not available as a proprietary product and is therefore required to be compounded by you. For an Extemporaneously Compounded Preparation to be subsidised under this Agreement, it must contain two or more subsidised component pharmaceuticals listed in the Pharmaceutical Schedule. It does not include reconstitution of antibiotic liquids.

**Extemporaneously Compounded Preparations Services** are services relating to provision of an Extemporaneously Compounded Preparation as described in the Pharmaceutical Schedule.

**Eligible Person** means any individual who is a user of the Services and is eligible to receive Services funded under the Act as specified in a direction issued under section 32 of that Act.

**Eligible Persons or Eligible People** have a corresponding meaning to Eligible Person.

**Essential LTC Services** means those services specified as such in the service specification for LTC Services in Schedule C1 and in the LTC Pharmacy Services Protocol.

**Final Due Dates** mean the final dates specified in clause H9.1 when all Claims must be received by us.

**First Claim Period** means the period described in clause H3.1(a).

**Forecast** means forecast by the DHBs or their agent;

**Forecast Monthly Transition Pool** means the DHB-forecast monthly transition pool described in clause H22.1(b)(i).

**Fourth Claim Period** means the period described in clause H3.1(d).

**GST** means the tax imposed under the Goods and Services Tax Act 1985.

**Handling Fee** means the applicable handling fee as set out in Schedule H1 and serves as a marker of Dispensing activity.

**Handling Fee Multiplier** means the applicable handling fee multiplier as set out in Schedule H1.

**Health and Disability Commissioner** means Commissioner appointed under the Health and Disability Commissioner Act 1994.

**Health Information** means the following information or classes of information about an identifiable individual:

- (a) information about the health of that individual, including his or her medical history;
- (b) information about any disabilities that individual has, or has had;
- (c) information about any health services or disability services that are being provided, or have been provided, to that individual;
- (d) information provided by that individual in connection with the donation, by that individual, of any body part or any bodily substance of that individual or derived from the testing or examination of any body part, or any bodily substance of that individual; or
- (e) information about that individual which is collected before or in the course of, and incidental to, the provision of any health service or disability service to that individual.

**Health Information Privacy Code 1994** means the code relating to privacy of Health Information issued under section 46 of the Privacy Act 1993.

**He Korowai Oranga** means the Māori Health Strategy, as published by the Ministry of Health in November 2002, as amended or replaced from time to time.

**Hospital Pharmaceuticals in the Community** has the same meaning given to it in the Pharmaceutical Schedule.

**HPCA Act** means the Health Practitioners Competence Assurance Act 2003 as amended from time to time.

**HUHC** means a high use health card, as defined in the Health Entitlement Card Regulations 1993.

**Initial Item** means a Prescription Item that is either an item with a prescription ID suffix /0 (without repeats) or the first item in an intended sequence of items with a prescription ID suffix /1 (repeats available).

**Long Term Condition** means a medical condition specified as a long term condition in the LTC Pharmacy Services Protocol.

**LTC Access Criteria** means the access criteria for LTC Pharmacy Services for our DHB's geographical area as set out in the LTC Pharmacy Services Protocol, as amended from time to time.

**LTC Exit Criteria** means the exit criteria for LTC Pharmacy Services for our DHB's geographical area as set out in the LTC Pharmacy Services Protocol, as amended from time to time.

**LTC Pharmacy Services** mean the services described in the service specification for LTC Pharmacy Services in Schedule C1.

**LTC Pharmacy Services Fee** means the Service Fee payable in respect of LTC Pharmacy Services as set out in Schedule H1 in the LTC Pharmacy Services row.

**LTC Pharmacy Services Protocol** means the publication entitled the "LTC Pharmacy Services Protocol", as amended by us from time to time following Consultation with you.

**LTC Service Patient Eligibility Assessment Form** means the documentation used by Providers to assess Service Users for eligibility to receive LTC Pharmacy Services which includes documentation of the Service User's medication needs in a medication management plan. Information needed to complete the documentation may be collected in hard copy, but must be stored electronically.

**Market** means an artificial construct used for the allocation of the Transition Pool for the month as defined in clause H22.3 and represents the sum of all the Pharmacy Market Shares.

**Market Share** means an artificial construct applied to each Pharmacy used for the allocation of the Transition Pool fund for the month as defined in clause H22.3. The sum of all Market Shares over all Pharmacies will equal the total 'market value' for that month.

**Medical Practitioner** means a person registered as a medical practitioner with the Medical Council of New Zealand under the HPCA Act and who holds a current annual practising certificate.

**Medicines Act** means the Medicines Act 1981, as amended from time to time, or its successor.

**Medicines Regulations** means the Medicines Regulations 1984, as amended from time to time, or its successor.

**Medsafe** means the New Zealand Medicines and Medical Devices Safety Authority or its successor.

**Midwife** means a person registered as a midwife with the Midwifery Council under the HPCA Act and who holds a current annual practising certificate.

**Monitored Therapy Medicine** means a Pharmaceutical on the list of monitored therapy medicine Pharmaceuticals as maintained by us or our agent.

**Monthly Funding Envelope** means the community pharmacy funding that is available from DHBs for a particular month, determined in accordance with clause H22.1(a)(ii).

**Monthly Transition Pool** means the monthly transition pool described in clause H22.1(b).

**Named Patient Pharmaceutical Assessment (NPPA)** is the mechanism for Service Users to apply for funding for a Pharmaceutical not listed in the Pharmaceutical Schedule, for Unusual

Clinical Circumstances, Urgent Assessment and Hospital Pharmaceuticals in the Community. For avoidance of doubt, NPPA also refers to existing Exceptional Circumstances Service Users prior to the introduction of NPPA from 1 March 2012.

**Named Patient Pharmaceutical Assessment (NPPA) Services A** are services provided to a Service User when a Named Patient Pharmaceutical Assessment has been applied for and funding is approved under that scheme and where the Pharmaceuticals dispensed are listed on the Pharmaceutical Schedule.

**Named Patient Pharmaceutical Assessment (NPPA) Services B** are services provided to a Service User when a Named Patient Pharmaceutical Assessment has been applied for and funding is approved under that scheme and where the Pharmaceuticals dispensed are not listed on the Pharmaceutical Schedule.

**Negative A3 or J3 Transaction** means a sequence of individual transactions (being the Dispensing of an initial Prescription Item plus any repeats for that same Prescription Item) (a “**Transaction Sequence**”) where the:

- (a) applicable Service User Co-payment used in the relevant transaction calculation in Schedule H1 of the Agreement is an amount greater than the Standard Co-payment amount; and
- (b) collective transaction value for that Transaction Sequence would be nil or a negative amount if it was assumed that the Handling Fee together with the Handling Fee Multiplier applying to each individual transaction calculation in the Transaction Sequence was a minimum of \$5.44 as illustrated below.

For Core and LTC Purchase Units a Negative A3 or J3 Transaction is:

$$\sum_{\text{(initial+associated repeats)}} \text{All dispensed items in the sequence} ((\mathbf{Sc} + (\mathbf{Sc} \times \mathbf{M}) + \mathbf{PF} + \$5.44) \times \mathbf{GST}) \leq \mathbf{CoP}$$

For all other Purchase Units a Negative A3 or J3 Transaction is:

$$\sum_{\text{(initial+associated repeats)}} \text{All dispensed items in the sequence} ((\mathbf{Sc} + (\mathbf{Sc} \times \mathbf{M}) + \mathbf{PF} + (\mathbf{HF} \times \mathbf{HFM})) \times \mathbf{GST}) \leq \mathbf{CoP}$$

Where:

- Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:
  - (a) 0.03 (i.e. a margin of 3%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00 as specified in the Pharmaceutical Schedule;
- PF** = the per pack fee (being an additional margin towards the procurement and stockholding costs) of \$0.240 for the subsidised pack of the relevant Pharmaceutical as listed in the Pharmaceutical Schedule (pro-rated where less than the full pack of the relevant Pharmaceutical, as listed in the Pharmaceutical Schedule, is Dispensed);
- HF** = the Handling Fee that is applicable to the relevant transaction, as set out in Schedule
- HFM** = the Handling Fee Multiplier, being the relevant multiplier for the particular Service, applicable to the relevant transaction as set out in Schedule H1;
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate; and
- CoP** = the Service User Co-payment contribution as outlined in clause H4.4.

For the avoidance of doubt, a Negative A3 or J3 Transaction can include one initial item transaction where there are no related repeats or an initial item with related repeats.

**New Services Initiatives** means those services specified in clause H33.2 that we will implement on or about the commencement of the 2017/18 Financial Year (and which will constitute Services for the purposes of this Agreement).

**NHI** means a National Health Index number.

**NRT** means the nicotine replacement therapy products listed on the Pharmaceutical Schedule for the purposes of the NRT Programme.



**NRT Exchange Card** means an individually numbered exchange card issued by an Authorised NRT Agent to an Eligible Person for the purposes of that Eligible Person accessing subsidised NRT.

**NRT Programme** means the national health initiative aimed at providing targeted populations with access to subsidised NRT and counselling as part of a national smoking cessation programme, of which the NRT Services form a part.

**NRT Services** mean the services described in the service specification for Nicotine Replacement Therapy in Schedule C1.

**Payment Agent** means an agent employed by us to make payment to you on our behalf as described in clause H18.

**Payment Date** means any one of the five payment dates in a single calendar month as described in clause H12(a).

**Payment Management Reserve** means the amount of the Annual Funding Envelope for the financial year 1 July 2015 to 30 June 2016 that is intended to remain undistributed at the end of that financial year (prior to distributions under clause H30.4 being made), being 1% of the Annual Funding Envelope for that financial year. For the avoidance of doubt, there will be no Payment Management Reserve from 1 July 2016.

**PBFF** means the formula used to help equitably distribute the bulk of district health board funding according to the needs of each DHB's population as described on <http://www.health.govt.nz/new-zealand-health-system/key-health-sector-organisations-and-people/district-health-boards/accountability-and-funding/population-based-funding-formula>.

**Permitted Pharmacy Charges Rules** means the publication entitled the "Permitted Pharmacy Charges Rules" that will be publicly available, as detailed and amended by us together with all the other DHBs from time to time following receipt of recommendations from the Contract Group.

**PHARMAC** means the Pharmaceutical Management Agency.

**Pharmaceutical** means a medicine, therapeutic medical device, or related product or related thing.

**Pharmaceutical Schedule** means the pharmaceutical schedule produced by PHARMAC.

**Pharmaceutical Schedule Pack Subsidy** means the subsidy specified in the Pharmaceutical Schedule at which a pack of the relevant Pharmaceutical is subsidised (excluding GST).

**Pharmaceutical Schedule Rule on Close Control** means the Close Control rule described in the Pharmaceutical Schedule (NB It is planned for this rule to be replaced with the 'Dispensing Frequency Rule').

**Pharmaceutical Schedule Rule on Frequency of Dispensing** means the Frequency of Dispensing Rule described in the Pharmaceutical Schedule.

**Pharmaceutical Transactions Data Specification** means the publication entitled the "Pharmaceutical Transaction Data Specification", as amended by us from time to time following Consultation with you.

**Pharmacist** means a person for the time being registered as a pharmacist with the Pharmacy Council and who holds a current annual practising certificate under the HPCA Act.

**Pharmacy** means a place of business that is licensed under the Medicines Act.

**Pharmacy Charges** has the meaning given to it in clause H4.6.

**Pharmacy Council** means the Pharmacy Council established as a Responsible Authority.

**Pharmacy Agent** means an organisation or individual that has been identified by you to act as your agent in and Consultation with us or our agent.

**Pharmacy Clozapine Services** means the services described in the service specification for Pharmacy Clozapine Services in Schedule C1.

**Pharmacy High Needs Adherence Management (PHAM) Services** is a sub-category of LTC Pharmacy Services which are additional services (provided in addition to the LTC Pharmacy Services) that are provided to high needs Service Users who are eligible to receive

and do receive LTC Pharmacy Services who also meet the mandatory criteria set out in the LTC Pharmacy Services Protocol for receiving the additional Pharmacy High Needs Adherence Management PHAM Services, as further described in the service specification for LTC Pharmacy Services in Schedule C1.

**Pharmacy High Needs Adherence Management (PHAM) Services Fee** means the additional Service Fee payable to eligible Service Users in addition to the LTC Pharmacy Service Fee as set out in Schedule H1 in the LTC Pharmacy Services row.

**Pharmacy High Needs Adherence Management (PHAM) Service User** means a Service User who meets the mandatory criteria to receive Pharmacy High Needs Assessment (PHAM) Services and the application is approved by the DHB. Such Service Users live in an unsupported way and have a personal profile which indicates high degree of risk if medications are not taken, and that the Service User is unsupported with medications. The Service User has dispensing history which indicates the pharmacy is providing intensive medication management support to the Service User in order to keep the Service User safe or avoid harm, including neglect of significant medical conditions, or has a clinical profile that indicates that intensive medication support is required or has been requested by the general practitioner, an external agency, or DHB specialist services to avoid harm or risk.

**Pharmacy Influenced Repeats** means where the pharmacist is not prevented by legislation, regulation or the Pharmaceutical Rule on Dispensing Frequency from dispensing less frequently, and the repeats are clinically appropriate.

**Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services)** means the services described in the service specification for Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) in Schedule C1.

**Pharmacy NRT Procedures** mean the procedures referred to in clause 6.1(h) of the service specification for Core Pharmacy Services that will apply in respect of NRT Services.

**Pharmacy Services Advisory Group** means the advisory group described in clause I1.4.

**Practitioner** means a Medical Practitioner, a Dentist, a Midwife, or a designated Prescriber (as that term is defined in the Medicines Act), who holds a current annual practising certificate, or any other health professional who may be legally permitted to prescribe Pharmaceuticals to Eligible People.

**Practitioner Supply Order** has the same meaning given to it in the Pharmaceutical Schedule.

**Preferred Supplier Brand** means a Pharmaceutical that is subject to a preferential supply arrangement, which has been arranged by us through PHARMAC with the manufacturer of the Pharmaceutical.

**Premises** means the location from where you perform the Services or where anything relating to the Services occurs or is kept, including the location of the Records.

**Prescription Item** means the quantity of a single Pharmaceutical prescribed for a named person on a Prescription Form.

**Prescription Form** means a form completed and signed by a Practitioner in accordance with the Medicines Regulations, which specifies the Pharmaceuticals prescribed for a named person.

**Prescriber** means a Practitioner who is authorised under the Medicines Regulations to prescribe Pharmaceuticals to Eligible People.

**Procedures Manual** means the publication entitled "The Pharmacy Procedures Manual", as varied by us or our agent, together with all of the other DHBs, from time to time following consultation with Providers.

**Product Premium** has the meaning given to it in clause H4.5.

**Provider** means a person or entity who has agreed to provide Services to Eligible People, which we have agreed to fund, pursuant to an agreement with us.

**Provider Reference Number** means the unique identification number that relates to you as a provider of Services under this Agreement, which is printed on the cover of this Agreement.

**PSC** means a pharmaceutical subsidy card, as defined in the Health Entitlement Card Regulations 1993.

**Purchase Units** mean the Purchase Units described in clause 3.2(d) in Schedule H1.

**Quality Improvement Plan** means the plan that you must develop pursuant to clause G3.1.

**Quality Specifications** means the specifications set out in Part G.

**Quality Standards for Pharmacy in New Zealand** means the publication entitled "Health and disability services Standards – Pharmacy services Standard NZS 8134.7:2010", as amended or replaced from time to time.

**Records** means all records and information held by you, or by your Staff, or on your behalf, in whatever form, including written and electronic forms, which are relevant to the provision of the Services, including Service User records and financial accounts.

**Renewal Period** means the period 1 July 2016 to 30 June 2017, being the period for which we may extend this Agreement in accordance with clause B2.3.

**Repeat Item** means a Prescription Item with a prescription ID suffix that is /2 or greater.

**Responsible Authority** means a body appointed as an authority under section 114 of the HPCA Act in respect of a particular profession, and includes the Pharmacy Council and the Health and Disability Commissioner.

**Seasonal Adjuster** means an adjuster to the base month data to reflect expected national Dispensing activity changes in a certain period of time due to seasonal factors and also the number of Business Days in the relevant Service Month or the time of the year.

**Second Claim Period** means the period described in clause H3.1(b).

**Sector Services** means the business unit within the Ministry of Health responsible for providing strategic advice on the impact of sector changes on payment processes, and for the administration of the core health payment processes.

**Service Fee** means the applicable service fee as set out in Schedule H1.

**Service Month** means the calendar month in which Dispensing was or is forecast to be undertaken.

**Service User** means an Eligible Person who uses any Services under this Agreement.

**Services** means the services specified in Part C of this Agreement and for the avoidance of doubt captures any Co-dispensed Opioid Services provided by you when you are also providing Core Pharmacy Services to a Service User receiving a Co-dispensed Pharmaceutical.

**Set Termination Date** means the date the Agreement ends, as set out in clause B2.2 of this Agreement.

**Special Authority** has the same meaning given to it in the Pharmaceutical Schedule.

**Special Foods** means the special foods listed in Section D of the Pharmaceutical Schedule.

**Special Foods Services** means the services described in the service specification for Special Foods Services in Schedule C1.

**Specialist** has the same meaning given to it in Section A of the Pharmaceutical Schedule.

**Specific Brand** means a Pharmaceutical that is identified by reference to the manufacturer's brand name for the Pharmaceutical and not by reference to the Pharmaceutical's generic active ingredient or ingredients.

**Specific Pharmacy Services** means the ARRC Pharmacy Services, CRC Pharmacy Services, Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence), Aseptic Pharmacy Services, Sterile Manufacturing Services, Special Foods Services, Community Pharmacy Anti-coagulation Management Services, Extemporaneously Compounded Preparations Services, Named Patient Pharmaceutical Assessment (NPPA) Services A, Named Patient Pharmaceutical Assessment (NPPA) Services B, and/or Pharmacy Clozapine Services.

**Staff** includes your employees, sub-contractors, contractors, agents and other personnel connected with the delivery of the Services.

**Stage 4 Mechanism** means the payment mechanism used for calculating and paying Service Fees for Core Pharmacy Services and a component part of the Service Fees for LTC Pharmacy Services, as described in clause H28 of this Agreement.

**Standard Co-payment** means a patient contribution by a person who is eligible for publicly funded health services in New Zealand under the Eligibility Direction, on prescriptions for fully subsidised medicines if the prescription is issued by:

- a) a prescriber employed by a District Health Board (e.g. hospital or DHB based community services);
- b) a provider/prescriber with an access or service agreement with the Ministry of Health, a DHB, or PHO;
- c) an after hours provider with an access or service agreement with a DHB or PHO; or
- d) a provider providing a fully publicly funded service under a Section 88 notice alone.

**Sterile Manufacturing Services** means the services described in the service specification for Sterile Manufacturing Services in Schedule C1.

**Targeted Expenditure Range** means an expenditure range of \$380,932,798.50 to \$384,742,126.49, being an indicative range within which the parties expect the amount paid or payable by the DHBs to Providers as Handling Fees, Service Fees and any other amounts (excluding the subsidy cost of the Pharmaceuticals and amounts payable as a margin towards the procurement and stockholding costs of Pharmaceuticals) in respect of Services provided during the full Renewal Period to fall, provided that the following will be excluded when calculating or monitoring the actual or projected expenditure:

- (a) any Handling Fees, Service Fees and any other amounts (excluding the subsidy cost of the Pharmaceuticals and amounts payable as a margin towards the procurement and stockholding costs of Pharmaceuticals) applying to the Community Pharmacy Anti-Coagulation Management Services that is above the annual capped amount of up to \$3.5 million; and
- (b) any expenditure applying to brand-switch fees (BSF) that is above \$2,000,000; and
- (c) any expenditure paid to Providers, in accordance with clause 2.12 of Schedule H1, as a fee towards the additional administration costs of Dispensing Unregistered Medicines (which, for the avoidance of doubt, is a component of the margin payment payable in respect of Unregistered Medicines).

**Termination Date** means the date on which this Agreement ends.

**Terms of Reference** means the terms of reference for each of the Contract Group and the Expert Advisory Group referenced in clause I1.4 as applicable (as issued and approved by the 20-DHB Collective).

**Total New Services Funding** has the meaning set out in clause H33.1.

**Transaction Sequence** is defined within the definition of Negative A3 or J3 Transaction.

**Third Claim Period** means the period described in clause H3.1(c).

**Transition Payment** means a monthly transition payment payable by us to the Provider in advance of a month in which Services will be provided during the transition period, as specified in Schedule H1.

**Transition Pool** is described in clause H22.2.

**Uncontrollable Event** means an event which is beyond the reasonable control of the party immediately affected by the event (including where we have failed to make due payment because of an event beyond our reasonable control). An Uncontrollable Event does not include any risk or event which the party claiming could have prevented or overcome by taking reasonable care.

**Unregistered Medicines** means a Pharmaceutical that is listed on the Pharmaceutical Schedule and Dispensed in accordance with either section 26 or section 29 of the Medicines Act;

**Unusual Clinical Circumstances** has the same meaning given to it in the Pharmaceutical Schedule.

**Urgent Assessment** has the same meaning given to it in the Pharmaceutical Schedule.

**Urgent Pharmacy** means a Pharmacy which is established for the purpose of selling medicines at any time outside ordinary business hours and is not normally operated during ordinary business hours.

**Voluntary Variation** means a variation to this Agreement described in clauses L2.1(a).

**Whakataataka Tuarua** means the Māori Health Action Plan (2006 - 2011), as amended or replaced from time to time.

## **E2 Construction**

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### **E2.1 Construction of general references**

- (a) Headings:**  
headings have been included in this Agreement for convenience only and are to be ignored when interpreting this Agreement;
- (b) Clause, schedule, annexure:**  
a reference to a section, clause, schedule or annexure is a reference to a section of, clause of, schedule to, or annexure to this Agreement;
- (c) Varied document:**  
a reference to this Agreement or another document includes any variation, novation, or replacement of it;
- (d) Statutes:**  
a reference to a statute or other law includes regulations and other rules made under it and consolidations, amendments, re-enactments or replacements of any of them (whether before or after the date of this Agreement);
- (e) Financial references:**  
references to and expressions used in connection with financial calculations, valuations, accounting or financial reporting functions or their description in this Agreement bear the respective meanings ascribed to like expressions or expressions of similar intent under generally accepted accounting practice (**GAAP**);
- (f) Singular includes plural:**  
the singular includes the plural and vice versa;
- (g) Person includes groups:**  
the word person includes an individual, a body corporate, an association of persons (whether corporate or not), a trust, a state and an agency of state, in each case, whether or not having a separate legal personality;
- (h) Person includes successors:**  
a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and permitted assigns;
- (i) Joint and several:**  
an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and severally and an obligation of two or more persons binds them jointly and severally;
- (j) Currency:**  
a reference to \$ or dollars is a reference to the lawful currency of New Zealand and, unless otherwise specified, all amounts payable by a party under this Agreement are to be paid in that currency;
- (k) Gender:**  
words importing one gender include the other genders;
- (l) Notice:**  
all periods of time for notice exclude the days on which they are given and include the days on which they expire.
- (m) Business Day:**  
anything required by this Agreement to be done on a particular day which is not a Business Day may be done on the next Business Day; and

- (n) **Including without limitation:**  
any reference to “including”, “include”, “includes” or “in particular” does not limit the generality of the relevant statement.

## Part F. Maori health and other population groups

### F1 Applicability of this clause

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#### F1.1 Applicability of this clause

Part F applies to you where the Service Users of your Services include Maori or members of the other identified population groups, as the case may be. To avoid doubt, and in accordance with the Act, nothing in the Agreement entitles any person to preferential access to services on the basis of race.

#### F1.2 Our assistance

We agree to assist you to meet your obligations under this Part F.

### *Maori Health*

### F2 Maori Health

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You will, with reference to He Korowai Oranga – Māori Health Strategy and Whakataatanga – Māori Health Action Plan, contribute to improvements in "Whanau Ora" and to the reduction in Māori health inequalities. Specific Māori health priorities are outlined in He Korowai Oranga under the heading "Māori health and disability priorities". You will recognise the cultural values and beliefs that influence the effectiveness of services for Māori and must consult and include Māori in service design and delivery. We will assist you to meet your obligations under this clause.

### F3 Maori Health in your Quality Improvement Plan

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#### F3.1 Development of a Maori Health section in your Quality Improvement Plan

You agree to develop and implement a Maori health section in your Quality Improvement Plan where it is reasonable given the demographic make-up of your Service Users. This section is to contain policies and practices that recognise Maori health priorities and delivers Services to benefit Maori while recognising their diverse needs. This section will be of a depth and scope appropriate to your circumstances. In developing these policies and practices you:

- (a) agree to take into account the needs, and anticipated needs, of your Maori Service Users and the strategic or policy direction of the Crown on Maori health, as communicated by us to you from time to time; and
- (b) may seek feedback or assistance from Maori where appropriate in accordance with clause G12.

#### F3.2 Compliance at a collective level

Notwithstanding anything else in this Part F, you may, where appropriate, work towards complying with this Part F, and any other Maori health obligations in this Agreement, at a collective level with other Providers, provided that such collective action does not derogate from your performance of your individual obligations under this Agreement.

### F4 Maori integration

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#### F4.1 Maori needs

You agree to seek to meet the needs of Maori in relation to the delivery of the Services by:

- (a) reducing barriers to accessing the Services by Maori Service Users;
- (b) facilitating the involvement of whanau and others, where appropriate;
- (c) developing relationships with Maori health providers; and
- (d) educating and training staff, where appropriate.

#### F4.2 Maori health initiatives

You agree to:

- (a) participate in Maori health programmes initiated by us, independent practitioners' associations (IPAs) or Maori health providers where such participation is lawful and deemed by you to be reasonable;
- (b) work towards the adoption of a culturally appropriate labelling and advice protocol for those Maori Service Users who identify themselves as requiring this additional service;
- (c) work towards using culturally appropriate destruction services for needles and other skin piercing devices, which have come into contact with body fluids, for those Maori Service Users who identify themselves as requiring this additional service.

#### F4.3 Maori principles

As part of your support for Maori Service Users and Staff, you will support the introduction of appropriate Maori principles/tikanga within your organisation in such a way as to promote the holistic approach of Maori to health care. Some explanation of these matters is described below:

<b>Wairua</b>	<b>Spirit or spirituality</b>	A recognition that the Maori view of spirituality is inextricably related to the wellbeing of the Maori Service User.
<b>Aroha</b>	<b>Compassionate love</b>	The unconditional acceptance which is the heart of care and support.
<b>Turangawaewae</b>	<b>A place to stand</b>	The place the person calls home, where their origins are. Must be identified for all Maori Service Users who wish it.
<b>Whanaungatanga</b>	<b>The extended family</b>	The family or group which takes responsibility for its members and must be informed of where its member is.
<b>Tapu/Noa</b>	<b>Sacred/profane</b>	The recognition of the cultural means of social control envisaged in tapu and noa including its implications for practices in working with Maori Service Users.
<b>Mana</b>	<b>Authority, standing</b>	Services must recognise the mana of Maori Service Users.
<b>Tangata Whenua</b>	<b>Hapu or iwi that holds mana whenua over an area</b>	In relation to a particular area, means the hapu or iwi, that is Maori and holds mana whenua or customary authority over that area.
<b>Manaaki</b>	<b>To care for and show respect to</b>	Services show respect for Maori values, traditions and aspirations.
<b>Kawa</b>	<b>Protocol of the marae, land, iwi</b>	Determines how things are done in various circumstances. Respect for kawa is very important. If the kawa is not known the tangata whenua should be consulted.



## ***Other population groups***

### **F5 Health of other population groups**

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#### **F5.1 Other population groups**

We both recognise that the needs of some population groups in addition to Maori, may be or may become a priority in relation to improving health outcomes and that we both need to be prepared to seek to meet those needs as they arise and evolve over time.

#### **F5.2 Provision of Services to other population groups**

You agree to provide the Services to members of other population groups in a manner that meets their diverse needs.

## Part G. Quality Specifications

### G1 Agreement to adhere to Quality Specifications

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You agree to provide the Services and to conduct your activities, in so far as they are associated with the performance of and compliance with your obligations under this Agreement, in accordance with the Quality Specifications set out in this Part G.

### G2 Governance and management

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You will develop and implement governance and management systems to ensure:

- (a) efficiency, effectiveness and continuity in the provision of the Services to Service Users; and
- (b) compliance with all legal, regulatory and contractual obligations relating to Service delivery.

### G3 Quality management systems

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#### G3.1 Quality Improvement Plan

You will develop and implement policies and procedures to comply with each of your obligations under this Part G and for the ongoing development and improvement of Service delivery quality. To achieve this you will develop and/or implement, as applicable, a written quality improvement plan, which will be reviewed, but not necessarily updated, as appropriate on an annual basis. The Quality Improvement Plan incorporates the following elements:

- (a) a statement of your organisation's philosophy and objectives regarding Service quality;
- (b) assigned responsibilities and accountabilities for quality activities;
- (c) systems and processes for maintaining and developing the quality of ongoing Service delivery and for defining priorities and new initiatives for quality development; and
- (d) monitoring and measuring systems and processes to evaluate the effectiveness of quality activities and progress against the Quality Improvement Plan, including systems and processes for dealing with issues arising from Service User complaints or identified from Service User satisfaction surveys.

#### G3.2 Existing and new pharmacies

Where your Pharmacy existed and received funding from us prior to this Agreement, then you must have a Quality Improvement Plan in place that you must continue to implement, in accordance with this clause. Where your Pharmacy is new and receives funding from us for the first time under this Agreement, then you must develop a Quality Improvement Plan within six months of the Commencement Date, which you must then implement, in accordance with this clause.

#### G3.3 Further requirements

You will ensure that the quality systems and processes developed under clause G3.1(c) above:

- (a) require your compliance with appropriate professional and other standards relevant to the Services;
- (b) provide for Staff and Service User input into quality development activities;
- (c) provide for the development of documented policies and procedures wherever such documentation is necessary to support effective and safe Service delivery, including processes for regular review and updating of such documents and for ensuring that they are readily accessible, known to and implemented by Staff; and
- (d) require your and your Staff's (where such Staff are Pharmacists) attendance at, and participation in, Pharmacist education seminars and programmes in our DHB's geographical area.

## **G4 Quality requirements for Maori**

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### **G4.1 Developing processes**

You will develop and implement processes to bring the perspective of Maori to your services. These processes will be suited to the scope and location of Services provided and their impact on Maori and, where appropriate, will include using linkages developed with Maori to ensure that appropriate processes are in place to:

- (a) monitor and evaluate whether your services are meeting the needs of Maori Service Users;
- (b) identify and, where possible attempt to remove, barriers to accessing your services by Maori Service Users;
- (c) where appropriate, facilitate the involvement of whanau in the care and treatment of Maori Service Users receiving your services; and
- (d) ensure that your services are responsive to Maori cultural practices that are relevant to Maori Service Users.

### **G4.2 Training and support**

You will develop and implement, with the support of your linkages with Maori, appropriate processes to:

- (a) provide cross-cultural training for Staff; and
- (b) provide culturally appropriate support to Maori Staff.

### **G4.3 Facilitating support**

Where you provide Services for Maori Service Users, you will, if the Maori Service User wishes, facilitate support from whanau/hapu/iwi; kuia/kaumatua; rongoa practitioners; spiritual advisors; Maori Staff and others, as appropriate.

## **G5 Risk management**

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### **G5.1 Key risks**

You will establish, implement and comply with the following procedures, specified in clauses G5.2 to G5.6 for the identification, evaluation and management of key risks to Service Users, Staff and visitors to your facilities.

### **G5.2 Health and Safety in Employment Act 1992**

You will comply with the requirements of the Health and Safety in Employment Act 1992.

### **G5.3 Safety standards**

You will have documented policies and procedures to guide you and your Staff in meeting health and safety requirements. These policies and procedures will cover key areas of relevance to the Services and will include, without limitation, the following matters:

- (a) documented policies and procedures to protect Service Users, Staff and visitors from infections, which occur as a result of Service delivery. These policies and procedures will be consistent with nationally accepted guidelines and the requirements set out in the publication entitled Health and Disability Services (Infection Prevention and Control) Standards (NZS8134.3:2008) published by Standards New Zealand; and
- (b) documented systems to manage security appropriate to the degree and range of risk(s) relevant to the Services provided, including the security of pharmaceuticals, chemical supplies, equipment and the facilities.

### **G5.4 Incident reporting**

You will develop and implement processes for defining, recording and resolving incidents and adverse events. These processes will include an internal documented reporting process that enables the early identification of any incidents and adverse event trends and the appropriate corrective and preventive strategies available.

## **G5.5 Civil defence**

You will co-operate with any civil defence emergency activity as appropriate in your area and have a civil defence plan for your organisation that details how you intend to manage continued delivery of the Services in the event of a major incident.

## **G5.6 Health Emergency Planning**

- (a) You will participate in the development of the district or regional Health Emergency Plan (the **Health Emergency Plan**) coordinated by us and other relevant participants to ensure your Service Users and Staff needs are met during a health emergency. This Health Emergency Plan will outline, to the extent practicable, the human, financial and other roles and resources that each participant, including DHB(s), primary care and pharmacy Providers, will contribute in responding to an emergency, including substitution of services to meet the health emergency.
- (b) You will work with us and relevant participants to ensure the Health Emergency Plan is reviewed periodically to maintain currency. The Health Emergency Plan must identify your response to an emergency event. This should be conducted with an all hazards approach to emergency planning.
- (c) When requested by us you will be involved in processes to ensure that emergency responses are integrated, coordinated and exercised. The level of participation required will be reasonable and reflective of the nature of the services and the expected roles and services you would provide in an emergency situation.
- (d) In accordance with Parts L (Variation of Agreement) or O (Failure to perform and termination of Agreement) if either of us is unable to perform an obligation under this Agreement for thirty (30) days or more because of an Uncontrollable Event, we both must seek to agree to what extent, if any, Services can be varied and/or continued by the party whose performance is prevented. Alternative arrangements for the supply of Services may need to be considered (Clause O5 of Part O (Failure to perform and termination of Agreement)).
- (e) We will negotiate with you to contribute to your costs if extraordinary funding is available to manage an emergency.

## **G6 Service Users' rights**

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### **G6.1 Code of Health and Disability Services Consumer Rights**

You will provide the Services in accordance with all requirements of the Health and Disability Commissioner (Code of Health and Disability Services Consumer Rights) Regulations 1996. This includes:

- (a) ensuring that a written Code of Health and Disability Services Consumer Rights is available to Service Users who visit your Pharmacy; and
- (b) establishing policies and procedures to ensure that you:
  - (i) comply with the Code of Health and Disability Services Consumer Rights; and
  - (ii) understand the Code of Health and Disability Services Consumer Rights and, where necessary, are able to refer to documented policies and procedures to demonstrate your effective implementation.

### **G6.2 Respect for privacy, dignity, religion and culture**

You will ensure that there is respect for the personal privacy and dignity of Service Users during Service delivery and that the Services are provided in a manner which shows respect for Service Users' religious and cultural beliefs and practices.

### **G6.3 Complaints procedures**

You will enable Service Users, their families/whanau or other people to make complaints through a procedure for the identification and management of complaints. This procedure will meet the Code of Health and Disability Services Consumers' Rights 1994 and will also ensure that:

- (a) the complaints procedure itself is made known to and easily understandable by Service Users;
- (b) all parties have the right to be heard;

- (c) the person handling the complaint is impartial and acts fairly;
- (d) complaints are handled at the level appropriate to the complexity or gravity of the complaint;
- (e) any corrective action required following a complaint is undertaken;
- (f) Service Users are informed of their right to direct their complaints to the Health and Disability Commissioner and to us, particularly in the event of non-resolution of a complaint;
- (g) complaints are handled sensitively with due consideration of cultural or other values;
- (h) all Service Users and their family/whanau have access to an advocate, as specified in clause G6.6, to support them during the complaints process;
- (i) the making of a complaint will not in any way compromise the Service User's or his or her family's ability to receive the Services;
- (j) complaints are regularly monitored by the management of the Service and trends identified in order to improve Service delivery; and
- (k) the complaints procedure is consistent with our complaints policy, as updated from time to time. We will make our current complaints policy available to you.

#### **G6.4 Abuse and neglect**

You will establish, implement and document policies and processes that:

- (a) where possible, enable Staff to identify abuse or neglect of Service Users;
- (b) clearly outline appropriate action that may be taken by Staff who suspect the occurrence of abuse or neglect;
- (c) attempt to resolve any incidents of abuse or neglect in an appropriate and timely manner.

#### **G6.5 Privacy**

You will:

- (a) establish and maintain processes to ensure the confidentiality of Service User information in compliance with the Privacy Act 1993 and the Health Information Privacy Code 1994; and
- (b) ensure that the facilities available in your Premises and your Staff's approach to Service delivery provide adequate privacy for Service Users, especially during sensitive discussions.

#### **G6.6 Service User advocates**

You will:

- (a) inform Service Users, in a manner appropriate to their communication needs, of their right to have an advocate, including to support the resolution of any complaint;
- (b) support Service Users' access to an advocate, as needed;
- (c) co-operate with advocacy agencies when they are carrying out their advocacy role.

#### **G6.7 Ethical approval**

You will comply with clause 2.9 of the Code of Ethics when carrying out any health or disability research involving Service Users or members of the public. Where you become involved in such an activity you will ensure that a documented procedure for seeking ethical approval from a regional ethics committee accredited by the Health Research Council is developed for use within the Service, and that such approval is sought and obtained, as applicable.

### **G7 Access to Services**

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#### **G7.1 Access and eligibility criteria**

You will ensure that the access and eligibility criteria for the Services, as referred to in this Agreement, are met.

#### **G7.2 Service information**

You will have available for Eligible People and other interested parties appropriately written information, which describes:

- (a) the Services you offer;
- (b) the location of these Services;
- (c) the hours of access;
- (d) how to access the Services (e.g. whether a referral is required);
- (e) Service Users' rights and responsibilities; and
- (f) any other information to enable Eligible People to access the Services.

### **G7.3 Declining Services**

You will develop and implement processes to ensure the immediate safety of persons and others who are not eligible for the Services or who are declined the Services. These processes will provide for:

- (a) sufficient preliminary assessment to ensure that the person is not eligible for the Services or does not require your Services or should be declined the Services;
- (b) advice to the person and/or their family/whanau of alternative services that are available and, if necessary, formal referral of the person to an alternative service;
- (c) documentation of the reasons for declination and informing us, if required; and
- (d) a documented process to manage any declinations.

### **G7.4 Conscientious objection**

You will not be required to provide Services where you object to doing so on grounds of conscience that are reasonably based on a recognised religious or cultural belief, including by way of example only the supply of contraceptives on religious grounds. Where you decline to provide Services under this clause G7.4, you must comply with the requirements set out in clause G7.3.

## **G8 The Services**

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You will ensure that:

- (a) the Services are provided in a timely, equitable and efficient manner to meet Service Users' assessed needs;
- (b) the Services are provided in accordance with all relevant legislation, including (without limitation) the Medicines Act, the Health and Disability Services (Safety) Act 2001, the Health and Safety in Employment Act 1992, the Health Act 1956, the Health Practitioners Competence Assurance Act 2003, the Human Rights Act 1993, the Misuse of Drugs Act 1975, the Fair Trading Act 1986 and the Privacy Act 1993;
- (c) Service delivery reflects current good practice and is provided by sufficient numbers of suitably skilled and qualified Staff. Current good practice includes the requirement for a planned approach to all stages of service delivery for Service Users;
- (d) Service User records and other information about the Services and related administrative processes meet legislative and accepted professional and/or sector standards;
- (e) formal documented processes are maintained to plan and implement safe and timely treatment, referral or transfer; and
- (f) a range of linkages and co-operation is maintained with other providers and community agencies to promote effective Service delivery.

## **G9 Staff management**

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You will establish and implement staff management processes that are consistent with good human resource practice and which include, without limitation:

- (a) clearly defined and documented responsibilities and accountabilities for all Staff providing Services under this Agreement;
- (b) systems for ensuring the sighting and recording of qualifications and all professional practice certificates and requirements annually, including in respect of new appointments and new qualifications;
- (c) access to adequate supervision and training to ensure that Staff are competent to meet the requirements of their positions, and able to contribute to the ongoing development of service quality; and

- (d) appropriate supervision of trainees, volunteers and other relevant support Staff.

## **G10 Facilities and safety standards**

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You must ensure that:

- (a) all buildings, plant and equipment used in Service delivery are fit for their purpose and are maintained adequately and in safe working order;
- (b) all equipment and supplies required to provide the Services are available, including necessary provisions for management of emergencies;
- (c) safety and emergency equipment and related information is clearly displayed and accessible;
- (d) all legislative, regulatory, contractual and other requirements that relate to the accessibility and standards of the facilities used in Service delivery are met;
- (e) Staff providing the Services are clearly identifiable to Service Users and others.

## **G11 Other Quality Standards**

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In addition to your obligations under clause B1.1, you must comply with the following policy, quality and service standards and other requirements, as varied from time to time by Standards New Zealand, the Pharmaceutical Society or the Pharmacy Council, as applicable, to the extent that they are not inconsistent with this Agreement:

- (a) the Quality Standards for Pharmacy in New Zealand;
- (b) the Code of Ethics; and
- (c) any other professional requirements that may be specified by the Pharmacy Council from time to time.

## **G12 Service User satisfaction surveys**

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At appropriate intervals, and at least annually, you must carry out Service User satisfaction surveys to assess the quality of your Service delivery, in accordance with DHB or Ministry of Health guidelines. At our request, you must make available to us the results of any Service User satisfaction surveys carried out by you under this clause G12.

## **G13 Records and administration**

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### **G13.1 Administration standards and record keeping**

**(a) Operation of business**

You must operate under sound financial and business management principles, procedures and practices.

**(b) Accounting Records**

You must maintain full and proper financial and business Records in accordance with generally accepted accounting principles, procedures and practices and best business practice generally and any legal obligations applicable to you. You must be able to account for any Services you provide in a way that ensures financial separation between those Services and any other activities you are engaged in.

### **G13.2 Security and preservation of Records**

You must preserve and protect the safety, security and confidentiality of the Records in accordance with best business practice and any legal obligations applicable to you. You will have in place appropriate back-up and disaster recovery procedures to protect against loss of information. If you cease to provide the Services under this Agreement, you must ensure that all Records are properly preserved and, where appropriate, transferred to any replacement Provider.

### **G13.3 Information provision**

Where you are required to provide us with any information under this Agreement, including under Part H in relation to claiming for payment, Part I in relation to meetings and reporting and Part J in relation to Audits, you must ensure that such information is accurate and complete to the best of your knowledge and belief and you must identify any material

inaccuracies or uncertainties at the time you submit this information or at such time as you discover the inaccuracy or uncertainty.

#### **G13.4 Response time**

We will each respond to enquiries from the other as soon as is practicable but in no case later than ten Business Days.

### **G14 Vulnerable Childrens Act 2014**

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#### **G14.1 Children's Services**

According to section 15 of the Vulnerable Children Act 2014, children's services include (among other things):

- services provided to 1 or more children; and
- services to adults in respect of 1 or more children.

You acknowledge that at a future date, the scope of children's services can be expanded, by regulations. Expansion may include services to adults which could significantly affect the well-being of children in that household.

#### **G14.2 Child Protection Policy**

If you provide children's services as per section 15 of the Vulnerable Children Act 2014 you will adopt a child protection policy as soon as practicable and review the policy within three years from the date of its adoption or most recent review. Thereafter, you will review the policy at least every three years. In accordance with the requirements set out in section 19(a) and (b) of the Vulnerable Children Act 2014, your child protection policy must apply to the provision of children's services (as defined in section 15 of the Vulnerable Children Act 2014), must be written and must contain provisions on the identification and reporting of child abuse and neglect in accordance with section 15 of the Children, Young Persons, and Their Families Act 1989.

#### **G14.3 Worker Safety Checks**

You acknowledge that under the Vulnerable Children Act 2014, new requirements to conduct staff safety checks are to be introduced. You will ensure that you keep up to date with developments in this area so that when the safety checking requirements come into force you are able to meet these requirements insofar as they apply to you and your employees.

#### **G14.4 Other obligations unaffected**

Nothing in clauses G14.1 to G14.3 above is intended to limit or reduce your obligations under clause G6.4 of this Agreement, which remains in full force and effect.



## **Part H. Payment for Services and Pharmaceuticals, claiming procedure and payment terms**

For document management and systems-related reasons associated with implementation of the new funding model, this Part H is currently located at the end of the Agreement, after Part P.

# Part I. Meetings, reporting and information

## I1 Relationship meetings

### I1.1 Requested Relationship Meetings

- (a) Throughout the term of this Agreement either of us may give written notice to the other requesting a meeting to discuss:
  - (i) matters regarding the Agreement, including:
    - (A) how well the contractual relationship is functioning and how well the Services are being delivered;
    - (B) whether there are aspects of the functioning of the relationship or the delivery of Services that either of us could improve;
    - (C) how such improvement might be implemented; and
  - (ii) wider primary care sector issues, that are relevant to you and other Providers, which may include issues relating to implementation of the Government's primary care strategy.
- (b) If the party receiving the notice agrees to meet with the party who has requested the meeting under this clause I1.1, we both will liaise to determine a suitable time for the requested relationship meeting, which must be as soon as is practicable after the notice is received.
- (c) Representative bodies may request a relationship meeting for one or more Pharmacies in our DHB's area but must notify us of which Pharmacies they are representing.

### I1.2 Special meeting

Notwithstanding clause I1.1, where we believe it is imperative that a particular issue is addressed urgently, we may convene a special meeting by giving you written notice of the meeting and of the issues to be discussed and you will use reasonable endeavours to attend that meeting. We will nominate a suitable time for the special meeting following consultation with you.

### I1.3 Group meetings

We may hold requested relationship meetings or special meetings with a group of Providers within our DHB area and/or with bodies that are representative of Providers in our DHB area where we consider that this is more practicable or appropriate than meeting with you individually, to address issues common to more than one Provider.

### I1.4 Contract Group and Expert Advisory Group

We both agree that the Contract Group and the Expert Advisory Group will assume the governance functions in relation to this Agreement set out below. The Contract Group and Expert Advisory Group activities and mandate are described in those sections of the Terms of Reference that relate to the governance functions that will be assumed in relation to this Agreement.

#### (a) Contract Group

- (i) The purpose of the Contract Group is to:
  - (A) provide a governance role for ensuring that the requirements of Part D are upheld; and
  - (B) perform those responsibilities and functions specifically allocated to it under this Agreement in accordance with those sections of the Contract Group Terms of Reference that relate to such responsibilities and functions

- (ii) Membership and procedures for the conduct of meetings will be as specified in the Contract Group Terms of Reference.
- (b) **Expert Advisory Group**
  - (i) The purpose of the Expert Advisory Group is to perform those responsibilities and functions specifically allocated to it under this Agreement in accordance with those sections of the Expert Advisory Group Terms of Reference that relate to such responsibilities and functions.
  - (ii) Membership and procedures for the conduct of meetings will be as specified in the Expert Advisory Group Terms of Reference.

## **I2 Reporting**

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### **I2.1 Ad-hoc report requirement**

We may require additional information from you from time to time in relation to the Services provided under this Agreement or to enable us to report appropriately to any Minister of the Crown where such Minister has required us to report on the use of public funds under this Agreement. Where we do, we will notify you of our reasonable information requirements, the reasons for those requirements and the intended usage of the information gathered. You must provide us with every reasonable assistance to obtain the required information. We will both agree to a mutually acceptable time frame for delivery of this information.

### **I2.2 Cost of reporting**

The costs to you associated with the provision of information specified under this Part I shall be borne by you and are deemed to have been included in the prices for the Services as detailed in the payment terms set out in Schedule H1.

## **I3 Specialist Database**

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Where we make available to you, free of charge, a database that lists the names of all Specialists who are authorised to prescribe Pharmaceuticals, you agree to use this database to enable you to comply with the claiming requirements set out in this Agreement, the Procedures Manual and in any relevant legislation.

## Part J. Audits

### J1 Audits generally

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#### J1.1 Purpose of Audit

We intend that the Audit process will help ensure that public money is effectively applied in the health sector so as to improve the quality of Services and the provision of Pharmaceutical advice and information and to provide optimum health benefits to Eligible Persons. The provisions set out in this Part J (and where relevant, the LTC Pharmacy Services Protocol) are to enable us to inspect, monitor, audit, investigate, review and evaluate:

- (a) whether you are delivering the Services;
- (b) whether you are complying with the Quality Specifications set out in Part G of this Agreement;
- (c) whether you have been claiming for payment appropriately according to the procedure set out in Part H;
- (d) whether you are complying with all of your other obligations under this Agreement, including the Pharmaceutical Transactions Data Specification and the Procedures Manual;
- (e) whether you are complying with the requirements of the Pharmaceutical Schedule; and
- (f) whether assessments and approvals against the LTC Access Criteria or LTC Exit Criteria are being correctly conducted.

#### J1.2 Compliance with Audit Framework

We both agree that, where we conduct an Audit under this Part J (and where relevant, the LTC Pharmacy Services Protocol), we will endeavour to meet the Audit principles and process in the Audit Framework set out in Schedule J1. The Audit Framework provides guidelines for conducting Audits and may be amended and updated by us from time to time, following consultation with you. If there is any conflict between the Audit Framework provisions in Schedule J1 and the provisions in this Part J, the provisions in this Part J (and where relevant, the LTC Pharmacy Services Protocol) will prevail.

#### J1.3 Material obligation to complete Audit

You must co-operate with us and provide us and our Auditor with all reasonable assistance to ensure that any Audit conducted by us or our Auditor under this Part J (and where relevant, the LTC Pharmacy Services Protocol) is fully and properly completed to our and our Auditor's satisfaction. For the avoidance of doubt, your obligation under this clause J1.3 constitutes a material obligation for the purposes of Part O.

### J2 Audit Requirements

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#### J2.1 Access for Audits

You agree to co-operate with us to allow our Auditor or Auditors to access:

- (a) your Premises;
- (b) your Records and any other information, in whatever form, that relates to this Agreement, the Service Users and their families and associates; and
- (c) your Staff,

for the purposes of, and during the course of, conducting an Audit. You further agree to ensure that we and our authorised agents have equivalent access in relation to any Services provided through any subcontractor, contractor, agent or other personnel.

#### J2.2 No unreasonable disruption

We shall ensure that the conduct of any Audit and our access in terms of clause J2.1 does not unreasonably disrupt your ability to provide, and the provision of, the Services.

### **J2.3 Notice of Audit**

We will give you ten Business Days' prior written notice of our intention to carry out an Audit, except where we have reasonable grounds to believe that:

- (a) there has been a material breach of the Agreement; or
- (b) a delay of ten Business Days would unreasonably prejudice the integrity of the Audit; or
- (c) a delay of ten Business Days would unreasonably prejudice the interests of any Eligible Person,

in which case a reduced notice period may be given which is reasonable in the circumstances (and may include less than 24 hours notice or no notice in some circumstances). Where we reasonably suspect that fraudulent claiming has occurred, we may enter your premises and conduct an Audit at any time without prior notice.

### **J2.4 Times for Audit**

Any aspect of an Audit that involves access to your Premises or personnel may, subject to clause J2.3, be carried out at any time during business hours, or at any other time by arrangement with you.

### **J2.5 Appointment of auditors**

We shall appoint a suitably experienced and/or qualified and competent member of our staff or a third party as auditor to carry out on our behalf any Audit under this Agreement (the **Auditor**). The notice referred to in clause J2.3 will include the identity of the person or persons appointed as Auditors and their qualifications, if any, and a declaration from such person or persons of any conflicts of interest he or she may have.

### **J2.6 Conduct of Audit**

Subject to clause J2.8, in conducting any Audit our Auditors:

- (a) may access Health Information about any Service User;
- (b) may observe the provision of the Services;
- (c) may survey and/or interview Service Users, their families or their associates, in relation to the provision of Services under this Agreement in respect of the particular Service User, or any Staff;
- (d) may make copies of any part of the Records or information for the purposes of the Audit, except to the extent restrained by law;
- (e) must ensure that all Audit activities meet professional, legal and contractual requirements;
- (f) must advise Providers that they are entitled to have a person present during an on-site visit;
- (g) must prepare Audit reports in a timely manner detailing the facts found during an audit; and
- (h) must establish follow-up processes appropriate to each particular Audit situation.

### **J2.7 Audits after Agreement terminated**

Audits may continue to be conducted under this Part J (and where relevant, the LTC Pharmacy Services Protocol) after this Agreement has terminated, but only to the extent that it is relevant to the period during which this Agreement was in force.

### **J2.8 Limitation of rights of Audit**

The conduct of any Audit shall be in accordance with the Health Act 1956 and the Privacy Act 1993, including the Health Information Privacy Code 1994 covering the use of Health Information held by health agencies, and any other relevant law.

## **J3 Specific provisions relating to solvency Audits**

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### **J3.1 Purpose of solvency Audit**

We both acknowledge and agree that the purpose of any solvency Audit is to ensure continuity of service under this Agreement.

**J3.2 Financial information for monitoring**

Where we have a concern regarding the solvency of your business, we may request by notice in writing, and you must provide to us within 30 days of such request, a certificate from a suitably qualified person certifying your solvency.

**J3.3 Matters to be determined**

Subject to clause J3.4, from time to time we may appoint, at our cost, a suitably independent financial analyst as an auditor to determine:

- (a) the correctness of the financial information you give us;
- (b) your calculations of the cost of providing the Services; and
- (c) your overall financial position.

**J3.4 Confidentiality**

Where we conduct an audit under this clause J3, the Auditor must not disclose to us information described in clause J3.3 but may advise us if he or she considers that your financial position may prejudice your ability to perform your obligations under this Agreement.

## Part K. Dispute resolution

### K1 Application of this Part

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- K1.1** This Part K applies to the resolution of disputes regarding this Agreement (a **Dispute**), provided that this Part K shall not apply to any dispute or difference relating to:
- (a) whether or not any person is an Eligible Person, which is a matter to be determined by the Minister of Health, in accordance with clause C3.2; or
  - (b) any matter between us which has been referred to:
    - (i) with the agreement of both parties, the Contract Group; or
    - (ii) a Responsible Authority;

while it is being considered by that committee or authority.

### K2 Dispute resolution process

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#### K2.1 Resolution by agreement

- (a) If a Dispute arises under this Agreement:
  - (i) the party claiming that a Dispute exists must give notice to the other party of the nature of the Dispute; and
  - (ii) we will both act in good faith and use our best endeavours to resolve the Dispute by agreement.
- (b) We both agree to use effective and efficient processes to resolve any Dispute, to such extent as we consider reasonably practicable to avoid undesirable duplication given limited funding resources. This may include, where we both agree, involving a number of Providers and/or representative bodies in a single dispute process.

#### K2.2 Mediation and arbitration

##### (a) Mediation

If the Dispute is not settled by agreement within 30 Business Days after receipt of the notice of the Dispute (or 10 Business Days after the conclusion of the process in clause K1.1(b), whichever is the latter) then, unless we both agree otherwise in writing, either party may refer the Dispute to mediation by giving notice to the other party and the following provision will apply:

- (i) the mediation will be conducted under the LEADR New Zealand Incorporated ("LEADR") standard mediation agreements;
- (ii) if we do not agree on a mediator within 5 Business Days after receipt of the notice of mediation, the mediator will be appointed by the Chair of LEADR (or his or her nominee) at the request of either of us; and

we will share the mediator's fees equally.

##### (b) Arbitration

If the dispute is not settled by agreement within 40 Business Days after the appointment of the mediator, unless we agree otherwise in writing, either party may refer the Dispute to arbitration by giving notice to the other party and the following provisions will apply:

- (i) the arbitration will be conducted by a single arbitrator under the Arbitration Act 1996; and
- (ii) if we do not agree on an arbitrator within 5 Business Days after receipt of the notice of arbitration, the arbitrator will be appointed by the President of the New Zealand Law Society (or his or her nominee) at the request of either of us.

### **K2.3 No litigation**

We both agree that neither of us will initiate proceedings in any court or other tribunal while the dispute resolution process referred to in clauses K2.1 and K2.2 is under way, unless such proceeding is necessary to preserve that party's rights. This clause does not prevent the commencement or continuation of criminal proceedings or the referral of any matter to a relevant professional body.

### **K2.4 Obligations continue**

We both acknowledge that we both continue to be bound to comply with all of our obligations under this Agreement while the dispute is being resolved, except that:

- (a) we may withhold payments from you to the extent that they are the subject of a dispute; and
- (b) you are not obliged to provide any Services for which you receive no payment from us.

If we withhold an amount pursuant to clause K2.4(a) and it is determined through the dispute resolution process under this Part K that we were not entitled to withhold the amount, we will repay you the amount of the withholding plus Default Interest (applicable during the period of the withholding).

## **K3 Facilitated negotiation**

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**K3.1** We both may use the process outlined in this clause K3 where a dispute relates to:

- (a) any review or variation of, or negotiation in relation to, this Agreement or part of this Agreement;
- (b) a matter that under this Agreement requires the agreement of both parties; or
- (c) any general policy issue outside the scope of this Agreement.

For the avoidance of doubt, clause K2 (other than clause K2.4) shall not apply to a dispute or difference of any kind relating to the matters described in paragraphs (a), (b) or (c) above.

**K3.2** We both agree that where a dispute arises relating to the matters described in clause K3.1(a), (b) or (c), we will both act in good faith and use our best endeavours to resolve the dispute by agreement. Where both of us cannot agree, in spite of our best endeavours, either of us may notify the other in writing requiring that this dispute be subject to a facilitated negotiation in accordance with the following requirements:

- (a) the facilitated negotiation must commence within no more than 30 days of the relevant party notifying the other under this clause K3 of the facilitated negotiation, unless otherwise agreed;
- (b) the negotiation is to be facilitated by an independent person approved by us both;
- (c) the independent person is to discuss the matters giving rise to the dispute with us both and endeavour to facilitate the negotiation of these matters and their resolution by agreement between us both;
- (d) any outcome of a facilitated negotiation will not be binding on either of us;
- (e) the costs incurred by the independent person in respect of a facilitated negotiation are to be met by us both in equal shares;
- (f) neither of us will initiate proceedings in any court or other tribunal while the facilitated negotiation process is under way, unless such proceeding is necessary to preserve that party's rights; and



(g) clause K2.4 will apply,  
provided that use of the facilitated negotiation process under this clause K3 does not preclude either of us from exercising or relying on any rights available to us under this Agreement.

## Part L. Variation of Agreement

For document management and systems-related reasons associated with implementation of the new service and funding model, and transitional mechanisms needed in that regard, a supplement to this Part L is currently located at the end of the Agreement, after Part P.

### L1 Nothing precludes termination

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Nothing in this Part L precludes either of us from terminating this Agreement in accordance with the provisions of Part O.

### *Variation*

### L2 Grounds for variation

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#### L2.1 Grounds for variation

This Agreement may be varied in one of the following ways:

- (a) **Mutual agreement**  
by mutual agreement, including following a review in accordance with clause L3;
- (b) **Crown Direction**  
in order to give effect to any Crown Direction, in accordance with the procedure set out in clause L4;
- (c) **Law change**  
in order to give effect to any law change, in accordance with the procedure set out in clause L4.

#### L2.2 Nature of variations

A variation described in clause L2.1(a) above shall be termed a "**Voluntary Variation**". A variation described in clause L2.1 (b) or (c) above shall be termed a "**Compulsory Variation**".

### L3 Variation after review

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#### L3.1 Consideration of Agreement

This Agreement shall be reviewed in accordance with this clause L3. A review is intended to provide a forum for consideration of proposed amendments to the terms of particular Parts of or Schedules to this Agreement.

#### L3.2 Review following change in Government policy or Services to be provided

Either of us may, in accordance with the procedure set out in clause L3.4, initiate a review of any relevant Part of or Schedule to this Agreement if:

- (a) there are any significant changes in the level of:
  - (i) funding available to us as a result of changes, implemented under the Act or under any other enactment, to Government policy regarding Pharmaceuticals and Services (which may include changes in relation to the CSC and Co-payments); or
  - (ii) Services you are required to provide under this Agreement; or
- (b) any other term or terms in the relevant Part or Schedule (other than those covered by paragraph (a) above, is otherwise impacted by a change in Government policy regarding Pharmaceuticals or Services.

### **L3.3 Review in exceptional circumstances**

**(a) Notice**

Where either of us considers that exceptional circumstances exist that warrant an immediate review of any Part of or Schedule to the Agreement, either of us may notify the other in writing of the nature of the issues it wishes to address and the reasons why it believes exceptional circumstances exist.

**(b) Acceptance**

Where the party receiving such notice reasonably accepts, after discussions with the initiating party and any other interested parties, that exceptional circumstances exist that warrant such a review, we both agree to conduct a review in accordance with the procedure set out in clause L3.4.

### **L3.4 Procedure for reviews**

**(a) Variation proposals**

The party initiating a review shall provide a written notice to the other party identifying the issues it wishes to address, proposing variations to any relevant Part of or Schedule to the Agreement and giving reasons for seeking those variations. The recipient must respond in writing within 20 Business Days of receiving the notice, either accepting or declining the proposals or putting forward any alternative proposals.

**(b) Negotiations**

Each of us must negotiate in good faith and use our best endeavours to reach agreement on any proposal promptly.

**(c) Amendment**

- (i) If we are both able to agree on any proposed variations to any Part of or Schedule to the Agreement, then we both agree to amend the Agreement accordingly in accordance with clause L6.
- (ii) If we are both unable to agree on any proposed variations to any Part of or Schedule to the Agreement within one month of the initiating party receiving the response referred to in clause L3.4(a), then the Agreement will continue without variation. In that event, either of us may invoke the dispute resolution process in clause K3.

## **L4 Procedure for Compulsory Variations**

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### **L4.1 Notice**

Where it is likely that a Compulsory Variation will be required, we will give you reasonable notice to that effect where we are able to do so, which notice will include the details of any such variation and our proposed draft of the variation of the Agreement.

### **L4.2 Form of proposed variation**

We agree that our proposed draft of the variation referred to in clause L4.1 above will be written to give effect to the relevant Crown Direction or law change in a way that endeavours to minimise the adverse impact on you, financial or otherwise.

### **L4.3 Agreeing the variation**

We will specify a period of time that is reasonable in the circumstances, being at least 10 Business Days unless we are precluded from doing so, within which you are to reply to the proposed draft of the variation notified to you under clause L4.2. After that period has expired, or at such earlier time as may be convenient to us both, we will both seek to agree on the terms of the variation of the Agreement. We will take into account your reply in implementing the variation.

### **L4.4 Commencement of variation**

**(a) Where full agreement**

Where we both agree on the terms of the variation of the Agreement, the variation will commence as soon as the relevant Crown Direction or law change comes into effect, or at any earlier time agreed between us.

**(b) Where partial or no agreement**

Where we cannot both agree on the terms of the variation before the relevant Crown Direction or law change comes into effect, the Agreement will be deemed to be varied on the terms set out in our proposed draft of the variation referred to in clause L4.2, subject to any changes to specific parts that we may have agreed between us, as soon as that relevant Crown Direction or law change comes into effect.

**L4.5 Where provision of Services no longer viable**

Where this Agreement has been varied in accordance with this clause L4 and where it is no longer viable, financially or otherwise, for you to continue providing the Services that have been affected by that variation, you may terminate the obligation to provide the relevant Services, provided that you give us at least 6 months' prior written notice of your intention to do so, except that where it is not viable, financially or otherwise, for you to continue providing the relevant Services for the duration of that notice period, you may give such shorter period of notice as is reasonable in the circumstances.

**L5 Group negotiation**

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- (a) Notwithstanding any other clause in this Part L, where either of us initiate a variation proposal which in our reasonable opinion may have application to other Providers in addition to you, you agree that we may negotiate any matter related to the proposed variation with a representative or representatives of those Providers affected, as well as you, to the extent we consider reasonably practicable to avoid undesirable duplication given limited funding resources.
- (b) You acknowledge and agree that we are not, in any event, obliged to progress any variation proposal under this clause unless we consider it to be material to you and other Providers inclusively.
- (c) For the avoidance of doubt, a review or variation may only be initiated by a representative body on your behalf, or on behalf of those Providers within our DHB geographical area, where that body can demonstrate to our satisfaction that it represents you or those Providers within our DHB geographical area.

**L6 Variation must be in writing**

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No variation of this Agreement will be effective unless it is in writing and:

- (a) **Agreed variations**  
in the case of a Voluntary Variation or a mutually agreed Compulsory Variation under clause L4.4(a), is signed by us both; or
- (b) **Imposed variations**  
in the case of a Compulsory Variation necessarily imposed by us under clause L4.4(b), signed by us and notified to you.

## Part M. Terms governing your dealings with third parties

### M1 Dealings with third parties

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#### M1.1 Rights not exclusive

This Agreement gives you the right to provide Services to us but does not give you any right to provide those Services to the exclusion of other Providers. We have the right to contract with other Providers, including those in your area of expertise or in your vicinity, for the provision of Services. Equally, but subject to clause M1.2 below, you have the right to provide Services to people where this is not funded by us.

#### M1.2 Rights not to impinge

You must not enter into any contract, arrangement or understanding with any other person that would prejudice your ability to meet your obligations under this Agreement.

### M2 Subcontracting

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#### M2.1 Subcontracting

Subject to the requirements of this clause M2, you may subcontract any aspect of the provision of the Services that you have the right or are obliged to provide under this Agreement provided that you have obtained our prior written approval. Such approval will not be unreasonably withheld.

#### M2.2 Subcontractor criteria

Any subcontractor engaged by you above must have the qualifications or accreditations, experience, competency and availability to enable it to perform all of the obligations which you have delegated to it to the standards required under this Agreement.

#### M2.3 Contents of subcontract

Every subcontract you enter into pursuant to this clause M2 above must include provision for the delegated Services to be performed to the Quality Specifications required under this Agreement, including provision for the following:

**(a) Information**

the obligation of the subcontractor to collect, and the ability for you to obtain from the subcontractor and to provide to us, any information we require or may require you to provide to us under this Agreement;

**(b) Audit**

the ability for us to have direct access to the premises and Records of the subcontractor for the purposes of Audit, and to Audit the subcontractor, according to the procedure set out in Part J of this Agreement as if the references to you were references to the subcontractor;

**(c) No further subcontracting**

a prohibition on the further transfer, assignment or subcontracting by the subcontractor of the rights and obligations under the subcontract without our prior written consent;

**(d) Insurance**

insurance cover in terms identical or substantially similar to those set out in clause N2;

**(e) Enforcement by us**

the ability for us to exercise our rights as set out under this Agreement in relation to the performance of the obligations of the subcontractor under the subcontract and the ability for us to enforce those rights pursuant to the Contracts (Privity) Act 1982.

## **M2.4 Copy of subcontract**

You must make available to our Auditor a copy of any subcontract made pursuant to this clause M2. Where you provide a copy of such a subcontract to our Auditor under this clause M2.4, the Auditor must not disclose to us the details of the financial arrangement between you and your subcontractor but may advise us if he or she considers that the financial arrangements may prejudice your ability to perform your obligations under this Agreement.

## **M2.5 Information about subcontracts**

We may specify at any time:

- (a) service categories in respect of which we may require you to provide us with further information about any subcontracts you have entered into in order to provide those service categories; and
- (b) the nature of any information we reasonably require about those subcontracts, excluding any information relating to the financial benefits arising from the subcontract for those particular service categories.

## **M3 Responsibility and liability for others**

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Each of us respectively is responsible and liable in all respects for the acts and omissions of our respective employees, subcontractors, contractors, agents or other personnel in performing or complying (or failing to perform or comply) with our respective obligations under this Agreement.

## **M4 Transfer of rights and obligations**

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### **M4.1 No transfer without consent**

Subject to clause M4.3 below, you may not assign or transfer any or all of your rights or obligations under this Agreement without our prior written consent, which we will not unreasonably withhold. The term “**transfer**” in this clause M4.1 is deemed to include any sale, transfer or other disposal of any majority interest in the ownership or control of you (if you are a limited liability company) or your business (if it is not a limited liability company).

### **M4.2 Transfer by us**

We may assign or transfer any or all of our rights and obligations under this Agreement, including pursuant to a merger with another DHB, without your prior consent.

### **M4.3 Information required**

In order that we can make an informed decision about whether to consent to a transfer of any or all of your obligations under this Agreement, you will ensure that the proposed transferee provides us with details of their ability to perform those obligations, and any further details that we may reasonably request of you or the proposed transferee.

### **M4.4 Exception for assignment to obtain finance**

You may assign your right to receive payment from us under this Agreement where:

- (a) the assignee provides or will provide finance to you; and
- (b) the assignment is for the sole purpose of ensuring the continuation or obtaining of such finance.

### **M4.5 Conditions of transfer of Agreement**

We reserve the right to require reasonable conditions to be met before we give consent to a transfer or assignment. In particular, we may require that the proposed transferee or assignee enter into an agreement with us on substantially similar terms and conditions set out in this Agreement, to the extent applicable to the proposed transfer.

### **M4.6 Successors, assignees and transferees bound**

This Agreement is to be binding on and exist for the benefit of us both respectively and our respective successors and permitted assignees or transferees. Each such successor, assignee or transferee is to have the same respective rights and obligations as if it were named in this Agreement as a party.

#### **M4.7 Consequences of transfer or assignment**

Any transfer or assignment of your rights or obligations under this Agreement pursuant to this clause M4 will not prejudice:

- (a) any other rights or remedies that either of us may have against the other arising out of any breach of this Agreement that occurred before such transfer or assignment;
- (b) the operation of any provisions in this Agreement that are expressed or implied to have effect after such transfer or assignment has occurred.

### **M5 Confidentiality and publicity**

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#### **M5.1 Confidentiality**

**(a) Prohibition on disclosure**

Except as provided under this Agreement, neither of us will disclose any Confidential Information to any person. Either of us may publish this Agreement, except for any Confidential Information contained within it, in any media, including publication on the internet.

**(b) Permission for disclosure**

Subject to paragraph (c) below, either of us may only disclose Confidential Information:

- (i) to those involved in the provision of Services under this Agreement, where necessary;
- (ii) to our respective professional advisors and representative agents;
- (iii) where disclosure is permitted under this Agreement, including under the Audit provisions of Part J;
- (iv) which is required to be disclosed to the Crown under any Crown Directions or Crown Funding Agreement;
- (v) which is already in the public domain without being in breach of this clause M5;
- (vi) in so far as it is required to be disclosed by law, including where we consider it necessary to disclose Confidential Information under the Official Information Act 1982 or otherwise under our public law obligations;
- (vii) where the other party has consented in writing to such disclosure.

**(c) Legal requirements**

Each of us will ensure that Confidential Information is kept in accordance with any legal requirements. In particular, but without limiting the foregoing, any disclosure of Health Information by either of us must comply with the Privacy Act 1993 and the Health Information Privacy Code 1994.

**(d) Audit**

Each of us will ensure that Confidential Information is subject to user authorisation procedures.

#### **M5.2 Public statements**

Neither of us nor our representatives may, during or after this Agreement, either directly or indirectly criticise the other publicly without first fully discussing the matters of concern with the other in good faith and in a co-operative and constructive manner. You must use your best endeavours to ensure that your representatives act in accordance with this clause M5.2. Nothing in this clause M5.2 prevents either of us discussing any matters of concern with our own employees, subcontractors, contractors, agents or other personnel or with our own advisors.

#### **M5.3 Use of name, logo or fact of relationship**

Neither of us may use the other's logo, name or the fact that there is a business relationship between us in any advertising or for any other promotional purpose without the prior written consent of the other.

### **M6 Incentives and inducements to Prescribers**

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**M6.1 Prohibition on incentives and inducements**

You must comply with the Code of Ethics in regard to incentives and inducements to Prescribers.

**M6.2 Audit**

We may Audit you and your Records or other relevant information at any time, pursuant to Part J, to verify your compliance with clause M6.1.

**Part N. Other miscellaneous terms governing our relationship**

**N1 Independent contractor**

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We both agree that you are engaged to provide Services as an independent contractor to us, and not as an employee or agent. Consequently, under no circumstances will we be liable to pay, or be called upon by you to pay, any sums due to employees under law (such as holiday pay or sick pay) and you have no authority to act on our behalf.

**N2 Insurance**

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**N2.1 Insurance cover required**

You must have insurance to an appropriate and reasonable extent, to cover your business and its assets against risks associated with the performance of and compliance with your obligations under this Agreement. You must maintain such insurance throughout the duration of this Agreement and for as long afterwards as is prudent to provide for circumstances that may arise in relation to this Agreement after the Termination Date.

**N2.2 Information**

We may request, and you must promptly provide to our Auditor, any information concerning the insurance maintained pursuant to clause N2.1.

**N3 Indemnity**

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**N3.1 Indemnity**

You will indemnify us and keep us indemnified (and you will indemnify and keep indemnified our Payment Agent) against all claims, losses, damages, penalties and reasonable costs and expenses (including all legal or other costs or expenses associated with the enforcement of this Agreement) but excluding any indirect or consequential loss, made or incurred by us that has been caused, either directly or indirectly, by your failure to comply with any provision of this Agreement, or the failure of anyone for whom you are responsible pursuant to this Agreement.

**N3.2 Payment Agent**

Notwithstanding clause N9, clause N3.1 confers, and is to be construed to confer, a benefit enforceable at the suit of the Payment Agent, which may enforce the rights under clause N3.1 as if it were named in this Agreement as a party.

**N3.3 Contribution**

Where we as the party incurring the loss under clause N3.1 have contributed in some material way to the circumstances giving rise to that loss, the level of indemnity due to us will be reduced to the extent of such contribution.

**N3.4 Other**

Notwithstanding anything else in this Agreement, this clause N3 shall not apply where compensation for failure to comply with the relevant provision has been provided for elsewhere in this Agreement.



## **N4 Warranty**

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### **N4.1 Warranty**

Each of us warrants to the other that, to the best of our knowledge and reasonable belief:

**(a) Information correct**

all material information provided to the other is correct and not misleading in any material respect; and

**(b) No impairment**

there is nothing impairing or preventing either of us from carrying out our respective obligations under this Agreement.

### **N4.2 Warranties continuing**

Each of the warranties in clause N4.1 are deemed to be repeated continuously throughout the term of this Agreement.

### **N4.3 Change of circumstances**

If any of the warranties in clause N4.1 above are not true or become no longer true, each of us will, as applicable, inform the other of the change as soon as is practicable.

## **N5 Compliance with law**

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Each of us will comply with all statutory, regulatory and other legal requirements in so far as they are applicable to the performance of our respective obligations under this Agreement, including the Privacy Act 1993 and the Health Information Privacy Code 1994.

## **N6 Waiver**

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### **N6.1 Waiver**

Either of us, as applicable, may by notice in writing to the other party waive a specific right conferred under this Agreement.

### **N6.2 Failure to exercise right no waiver**

Delay or failure to exercise a right does not constitute a waiver of that right.

## **N7 Entire agreement**

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This Agreement constitutes the entire agreement and understanding between us both, and supersedes and replaces all prior agreements and understandings between us both in relation to the provision of pharmacy services.

## **N8 Enforceability**

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### **N8.1 Severability**

If any provision of this Agreement is found or held to be illegal, invalid or unenforceable, such determination shall not affect the remainder of the Agreement, which will remain in force.

### **N8.2 Modification**

If any provision of this Agreement is found or held to be illegal, invalid or unenforceable, we will each, if possible, take the steps necessary to make reasonable modifications to any such provisions to ensure that they are legal, valid or enforceable and, otherwise, such provisions are deemed to be modified to the extent necessary to ensure that they are legal, valid or enforceable.

## **N9 Contracts (Privity) Act 1982**

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No person who is not a party to this Agreement may enforce any of the provisions of this Agreement. Nothing in this Agreement shall confer any benefit on Eligible Persons or on any other third party for the purposes of the Contracts (Privity) Act 1982 or otherwise.

## **N10 Counterparts**

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### **N10.1 Number of counterparts**

This Agreement may be executed in any number of counterparts each of which is to be deemed an original, but all of which together are to constitute a single instrument. A party may enter into this Agreement by executing any counterpart. For the purposes of this clause N10.1, "counterpart" means any execution copy of this Agreement that we sign or send to you for signing.

### **N10.2 Facsimile exchange**

This Agreement may be executed on the basis of an exchange of facsimile copies and execution of this Agreement by such means is to be a valid and sufficient execution.

## **N11 Governing law and jurisdiction**

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This Agreement is governed by the law of New Zealand. We both submit to the non-exclusive jurisdiction of the Courts of New Zealand.

## **N12 Notices**

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### **N12.1 Form of notice**

Each notice or other communication that is required to be in writing under this Agreement is to show the Agreement Reference Number and be made by facsimile, personal delivery or post at the facsimile number or address, and marked for the attention of the person or office holder (if any), designated for the relevant purpose by the addressee from time to time by notice to the other party.

### **N12.2 Change of contact details**

Any change to a party's contact details must be notified to the other party at least 10 Business Days before the change comes into effect.

### **N12.3 When notice effective**

No communication is to be effective until it is received by the addressee. A communication is deemed to be so received (where the addresser is not aware of any failure in the communication) in the case of:

- (a) **Facsimile**  
facsimile, on the Business Day on which it is sent or, if sent after 5pm in the place of receipt or on a non-Business Day, on the next Business Day;
- (b) **Personal delivery**  
personal delivery, when it is delivered;
- (c) **Post**  
post, on the third Business Day after posting by fastpost or airmail;
- (d) **Email**  
email, on the Business Day on which it is sent or, if sent after 5pm in the place of receipt or on a non-Business Day, on the next Business Day.

## **N13 One-off patient centric initiatives fund**

---

- (a) Each DHB has been allocated a portion of a one-off \$750,000 fund (the **one-off fund**). The amount of the one-off fund allocated to each DHB is based on the DHBs' population-based funding formula (PBFF) and must be used for local community pharmacy initiatives that are focussed on quality improvement and patient-centric services (**patient-centric initiatives**).
- (b) Patient-centric initiatives may be undertaken by individual pharmacies or collectively (including, but not limited to, through a local pharmacy network group). Use of each DHB's portion of the one-off fund will be agreed jointly between the relevant DHB and its community pharmacy contract holders, either individually or collectively, as applicable.

- (c) Each DHB's portion of the one-off fund will be held by the relevant DHB to be paid to pharmacy either individually or collectively.
- (d) We agree to use our best endeavours to allocate our portion of the one-off fund to patient-centric initiatives prior to 30 June 2016.
- (e) You acknowledge and agree that the one-off fund is only applicable to the 2015/16 financial year. For the avoidance of doubt, there will be no one-off fund for any subsequent financial year or period.

## Part O. Failure to perform and termination of Agreement

### *Failure to perform*

#### **O1 Actions available where failure to perform**

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##### **O1.1 Failure to perform**

Where either of us have failed to perform our respective obligations under this Agreement, the other party may act in accordance with this Part O. Except where express provision has been made in this Part, this Part does not limit the legal rights either of us may have against the other.

#### **O2 Where you have failed to perform**

---

If you fail to perform any material obligation under this Agreement, including, without limitation, your obligations under clauses H4.6, H6.3 and J1.3 and any requirements in this Agreement relating to the reporting or provision of information, we may do one or more (or none) of the following:

- (a) seek specific performance of the Agreement;
- (b) seek Default Interest from you in accordance with clause H16;
- (c) suspend or terminate this Agreement in accordance with clause O4;
- (d) make alternative arrangements for the provision of the Services in accordance with clause O5;
- (e) seek damages;
- (f) refer the matter to the Contract Group,

except where the failure to perform is due to an Uncontrollable Event which must be dealt with under clause O6.

#### **O3 Where we have failed to perform**

---

If we fail to meet any material obligation under this Agreement, and we fail to remedy the failure within 30 days (unless a different time period is agreed between us) of receiving from you written notice of the failure, you may, in addition to any other rights you may have under this Agreement or otherwise, do one or more (or none) of the following:

- (a) seek specific performance of the Agreement;
- (b) seek Default Interest from us in accordance with clause H16;
- (c) seek damages from us;
- (d) terminate the Agreement immediately on written notice;
- (e) terminate the part of the Agreement that relates to the Services in respect of which our failure applies,

except where the failure to perform is due to an Uncontrollable Event which must be dealt with under clause O6.

#### **O4 Suspension or termination for material failure to perform**

---

##### **O4.1 Notice of failure**

If we have reasonable grounds to believe that you have not met any material obligation under this Agreement, we will give you written notice:

- (a) setting out the details of the obligation we believe you have not met; and

- (b) where the failure can be remedied, giving you 30 days to meet the obligation and to demonstrate to our reasonable satisfaction that you have met the obligation; or
- (c) where the failure cannot be remedied, terminating this Agreement on the expiry of a period of 30 days, or such shorter period as we consider reasonable in the interests of the health and safety of Service Users.

#### **O4.2 Suspension**

Notwithstanding anything else in this Agreement, where we issue to you a notice under clause O4.1 and where we have reasonable grounds to believe that the health or safety of any Service User is at risk, we may suspend your right and your obligation to provide the relevant Services for us while we investigate the issue. We will notify you of such suspension in the notice issued to you under clause O4.1.

#### **O4.3 Reinstatement**

Where we are satisfied on reasonable grounds that you are willing and able to perform the material obligations referred to in clause O4.1 above and that the health or safety of any Service User is no longer at risk, we will give you written notice that you must resume performance of such obligations.

#### **O4.4 Termination on 7 days notice**

If after the 30 day period allowed under clause O4.1 you have not demonstrated to our reasonable satisfaction that you have met the obligation, we may terminate this Agreement on 7 days written notice, or such shorter period as we consider reasonable in the interests of the health and safety of Service Users.

#### **O4.5 Dispute**

- (a) If you receive a notice under clause O4.1 but you disagree that the obligation we believe you have not met is a material obligation, then you may refer the matter:
  - (i) to mediation and, where necessary, arbitration in accordance with Part K; or
  - (ii) with our agreement, to the Contract Group (such agreement will not be unreasonably withheld), provided that the Contract Group's role will be to use best endeavours (meaning that the Contract Group will meet once by teleconference or in person and will enter into such written correspondence as it deems necessary) to facilitate resolution of the matter by agreement within the 30 day period provided under clause O4.1.
- (b) Notwithstanding anything in Part K, where a mediation, arbitration or referral to the Contract Group is pursued under this clause O4.5:
  - (i) all reasonable endeavours must be used to have this completed within the 30 day period provided under clause O4.1;
  - (ii) where it is agreed or determined that the relevant obligation is a material obligation you will have a further 30 days beyond the original 30 day time period during which to meet the obligation;
  - (iii) where it is agreed or determined that the relevant obligation is not a material obligation, the notice given under clause O4.1 will have no further effect;
  - (iv) where there is no agreement or determination as to whether or not the relevant obligation is a material obligation, we may terminate this Agreement in accordance with clause O4.4.
- (c) Notwithstanding clause O4.5(a), you agree that the obligations set out in clauses H6.3, J1.3 and H4.6(a) are deemed to be material obligations for the purposes of this Part O.

#### **O4.6 Immediate termination**

If after the further 30 day period allowed under clause O4.5(d) you have not demonstrated to our reasonable satisfaction that you have met the obligation, we may terminate this Agreement on 7 days written notice, or such shorter period as we consider reasonable in the interests of the health and safety of Service Users.

#### **O4.7 Uncontrollable Events**

This clause does not apply where your failure to perform is caused by an Uncontrollable Event, which must be dealt with under clause O6.

## **O5 Alternative arrangements on failure to perform**

---

### **O5.1 Alternative arrangements on non-performance**

Where you fail to perform any material obligation under this Agreement, we may make such alternative arrangements as are reasonably necessary for the supply of those Services during the period of your non-performance at your expense.

### **O5.2 Payment for our costs**

On our demand, you must pay or reimburse us for all reasonable costs we incur acting under clause O5.1 for the period until the end of your non-performance or until the Termination Date, whichever is the earlier. Where you fail to pay we may set off the amount owing to us in respect of the costs incurred under this clause against any amount that we owe to you at any time by way of payment for Services, in accordance with clause H17.

### **O5.3 Uncontrollable Events**

This clause does not apply where your failure to perform is caused by an Uncontrollable Event, which must be dealt with under clause O6.

## **O6 Uncontrollable Events**

---

### **O6.1 No default**

If either of us is prevented from or delayed in performing our respective obligations under this Agreement by an Uncontrollable Event, the party directly affected by that Uncontrollable Event will not be in breach of the Agreement.

### **O6.2 Notice of inability to perform**

The party whose performance is directly affected by an Uncontrollable Event must give written notice to the other specifying:

- (a) the nature of the circumstances giving rise to the Uncontrollable Event;
- (b) the extent of that party's inability to perform; and
- (c) the likely duration of that non-performance.

### **O6.3 Duty to mitigate**

The party whose performance is directly affected by an Uncontrollable Event must take all reasonable steps to avoid or reduce the impact of the Uncontrollable Event on the due performance of the Agreement. This requires you to have in place a reasonable risk management process and sufficient funds (other than where we have failed to make due payment). This clause O6 does not require a party to settle any strike, lock-out or other industrial disturbance.

### **O6.4 Duty to resume performance**

The party whose performance is directly affected by an Uncontrollable Event must resume due performance of its obligations under this Agreement as soon as is reasonably possible after the Uncontrollable Event ends or its impact is sufficiently reduced to allow due performance.

### **O6.5 Alternative arrangements**

Notwithstanding anything else in this Agreement, if you are unable to provide the Services because of an Uncontrollable Event, we reserve the right to and may make alternative arrangements for the supply of Services during the period of your non-performance (and for such reasonable time afterwards as may be necessary to secure an alternative Provider or Providers at the time the alternative arrangement are entered into) as we see fit but after consultation with you.

### **O6.6 Variation of Services**

If either of us is unable to perform an obligation under this Agreement for 30 days or more because of an Uncontrollable Event, both of us must seek to agree to what extent, if any, the affected Services can be varied and/or continued by you.

## **O6.7 Termination**

If we cannot agree under clause O6.6 within 5 Business Days of the end of the 30 day period, either of us may terminate the relevant Services upon at least 30 days prior written notice.

# ***Termination***

## **O7 Termination**

Either of us may terminate this Agreement in accordance with our respective rights and obligations under this Part O.

## **O8 Mutual agreement to terminate**

We may both mutually agree to terminate this Agreement or any part of it. No agreement to terminate shall be effective unless it is in writing and signed by us both.

## **O9 Our right to terminate**

### **O9.1 Grounds for termination**

We may terminate any part of or all of this Agreement:

**(a) Material failure**

where you have failed to meet any material obligation under this Agreement, in accordance with clause O4;

**(b) Inability to perform**

where we have good reason to believe that you are unable to carry out all of your obligations under this Agreement, immediately on written notice, subject to us consulting with you first about the possibility of termination;

**(c) Disposal of business**

where you have disposed of, or have entered into any arrangement that will result in the disposal of, a substantial part of your business, property or assets that are required in order for you to be able to carry out your obligations under this Agreement, or the same are lawfully seized or appropriated, without our prior written consent, immediately on written notice;

**(d) Business failure**

where you are insolvent, you are unable to pay your indebtedness as it falls due, you stop payment to creditors generally, you have entered into any composition or other arrangement with creditors, or a receiver has been appointed over your assets or you are put into liquidation, or you are adjudged bankrupt, as the case may be, immediately on written notice;

**(e) Illegality**

where you commit any fraudulent or unlawful action that we consider on reasonable grounds will seriously affect your ability to perform your obligations under this Agreement, immediately on written notice;

**(f) Termination on notice**

where we give you six months' written notice, provided that:

- (i) we will have regard to the relationship principles set out in clause D4 in determining whether to give such notice; and
- (ii) both of us will continue to be bound to comply with all of our obligations under this Agreement (including both our obligations under Part K) during this six-month notice period.

Our right to terminate on notice under this paragraph (f) will apply notwithstanding any other provisions in this Agreement, including where we may both be engaged in a process of dispute resolution or variation of this Agreement;

**(g) Uncontrollable Event**

where an Uncontrollable Event occurs, in accordance with clause O6;

**(h) Section 88 notice**

where we give you three months' written notice that we are going to issue a notice in respect of pharmacy services in accordance with section 88 of the Act. Our right to terminate on notice under this paragraph (h) will apply notwithstanding any other provisions in this Agreement, including where we may both be engaged in a process of dispute resolution or variation of this Agreement.

**(i) New CPSA**

where we give you at least three months' written notice at any time during the Renewal Period (1 July 2016 to 30 June 2017), provided that such notice of termination is preceded, or accompanied, by an offer to enter into a new Community Services Pharmacy Agreement to commence on the date immediately following the date of termination that is notified to you under this paragraph (i).

## O10 Your right to terminate

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You may terminate this Agreement, or any part of the Agreement that relates to the Services in respect of which our failure applies:

**(a) Material failure**

in relation to material failure in accordance with clause O3;

**(b) Compulsory Variation**

in relation to a Compulsory Variation in accordance with clause L4.5;

**(c) Termination on notice**

where you give us six months' written notice, provided that:

- (i) you will have regard to the relationship principles set out in clause D4 in determining whether to give such notice; and
- (ii) both of us will continue to be bound to comply with all of our obligations under this Agreement (including both our obligations under Part K) during this six-month notice period.

Your right to terminate on notice under this paragraph (c) will apply notwithstanding any other provisions in this Agreement, including where we may both be engaged in a process of dispute resolution or variation of this Agreement;

**(d) Uncontrollable Event**

where an Uncontrollable Event occurs, in accordance with clause O6.

## O11 Alternatives to termination of entire Agreement

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As an alternative to terminating the entire Agreement, either of us may, by giving the other six months' written notice, terminate the provision of any particular Services in issue, and we may cease payment for any such Services from the date of such termination. In these circumstances, the right to terminate on notice under this clause O11 will apply notwithstanding any other provision in this Agreement, including where we may both be engaged in a process of dispute resolution or variation of this Agreement, having regard to the relationship principles set out in clause D4.

## O12 Consequences of termination

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Any termination of this Agreement pursuant to this Part O will not prejudice:

- (a) any other rights or remedies that either of us may have against the other arising out of any breach of this Agreement that occurred before termination; or
- (b) the operation of any clauses of this Agreement that are expressed or implied to have effect after termination.



## **Part P. Provider specific terms and conditions**

### **P1 Nature of this Part**

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#### **P1.1 Provider specific terms and conditions**

This Part P contains Provider specific terms and conditions that are departures from, or additions to, the standard provisions in Parts A to O of this Agreement. These Provider specific terms and conditions are terms and conditions specific to you, your Provider type or the type of Services you provide.

#### **P1.2 Special terms prevail**

The provisions in this Part P shall apply notwithstanding anything in the remainder of this Agreement. Where there is a conflict between these provider specific terms and conditions and any other terms in this Agreement, these Provider specific and conditions take precedence and apply over any other terms

## **Schedule C1. Service specifications**

For document management and systems-related reasons associated with implementation of the new service model, this Schedule C1 is currently located at the end of the Agreement, after Part P (with Part C).

## **Schedule C2. Clozapine Dispensing Protocols**

For document management and systems-related reasons associated with implementation of the new service model, this Schedule C2 is currently located at the end of the Agreement, after Part P (with Part C).

## Schedule H1. Payment terms

For document management and systems-related reasons associated with implementation of the new service model, this Schedule H1 is currently located at the end of the Agreement, after Part P (with Part P).

## Schedule J1. Audit Framework

### 1. Audit Framework

---

#### 1.1 General

The Audit Framework provides general guidelines for conducting Audits and should be read in conjunction with Part J. The Audit Framework involves a variety of activities which may include (without limitation) conducting on-site Audits of Pharmacies or surveying Service Users and Prescribers. This provision reflects the co-operative philosophy of evolution and education within the Audit Framework.

#### 1.2 Audit relationships

Audit relationships must be established with Pharmacies, other Providers and associated organisations and maintained in an open and transparent manner so as to contribute towards the continuous improvement of the integrity of the Services received by the public.

#### 1.3 Scope of Audit Framework

The Audit Framework requires us to work with Pharmacies, Pharmacists, other Providers and associated organisations and to effectively monitor the provision of the Services by identifying good performance as well as areas that require improvement. The scope of the Audit Framework includes the supply and management of medications in conjunction with the appropriate claiming of Pharmaceutical benefits from us or our agents, including Sector Services.

#### 1.4 Goals of the Audit Framework

The goals of the Audit Framework are to:

- (a) improve the quality of the Services and the provision of Pharmaceutical advice and information to Eligible Persons;
- (b) maximise appropriate claiming and to prevent fraudulent behaviour; and
- (c) monitor compliance with the terms of the Agreement.

### 2. Audit Framework guiding principles

---

#### 2.1 Our obligations

We, and our agents, must endeavour to:

- (a) facilitate discussion about the Audit Framework and routine Audit tools;
- (b) advise Providers of the process and criteria to be used in Audits noting that any of the specifications and requirements in the Agreement can be the subject of an Audit;
- (c) conduct issues based Audits in a prompt manner to address the specific issues and problems identified for that Provider;
- (d) ensure that all Auditors carry out their work in a professional and competent manner;
- (e) ensure that all Audit activities meet professional, legal and contractual requirements;
- (f) provide appropriate notice of an Audit in accordance with the relevant service agreement;
- (g) advise Providers that they are entitled to have a person present during an on-site visit;
- (h) provide sound information and prompt responses to all relevant queries from you and your Staff and Service Users;
- (i) conduct on-site Audits in a manner that minimises disruption to the Services, takes into account relevant safety considerations, and displays appropriate sensitivity to the privacy and dignity of Service Users seen in the course of a visit;
- (j) prepare Audit reports in a timely manner detailing the facts found during the Audit;
- (k) prepare recommendations to identify the actions necessary for you to bridge the gap between the Audit criteria and the level of performance found in the Audit;
- (l) establish follow-up processes appropriate to each particular Audit situation; and

- (m) use the Audit Framework as an opportunity to gain constructive feedback to improve our activities.

## **2.2 Your Audit obligations**

You must endeavour to:

- (a) actively, and in a timely manner, participate in any Audit programmes and specific Audits;
- (b) address Audit recommendations in the agreed time frame; and
- (c) give assistance in evaluating the Audit Framework by providing feedback on the Audit process.

## **3 Routine on-site Audits**

---

### **3.1 Process for routine on-site Audits**

The following steps will generally be undertaken during the Audit process:

- (a) the Auditor will send you a written notice of Audit in accordance with clause J2.3. The notice of Audit will include the date of the Audit, identify the Auditor and give you general advice on the Audit process. Depending on the type of Audit, the Auditor may contact you first by phone to agree on an Audit date that complies with the Audit timeframes set out in the Agreement;
- (b) if pre-site visit audit material is requested by the Auditor it will be supplied by you to the Auditor within the time specified prior to the site visit. A pre-site visit assessment will not usually be conducted when you are given one Business Day's notice or if immediate access is required for the Audit;
- (c) the Auditor will conduct a site visit on the advised date(s), which will usually include:
  - (i) a briefing meeting;
  - (ii) interviews with key Staff, the questions of which will directly support the Audit tool criteria;
  - (iii) a documentation review;
- (d) the Auditor may conduct a tour of your Premises;
- (e) the Auditor will have a review period; and
- (f) a debriefing meeting will occur where the Auditor discusses the general Audit findings with you and gives you advice on the reporting process.

### **3.2 Time frames for on-site Audits**

The usual reporting time frames for on-site Audits are as follows:

- (a) the Auditor supplies a draft Audit findings report within the specified time frame, which is usually 15 Business Days;
- (b) you make any comments on the findings in the draft Audit report within the specified time frame, which is usually 15 Business Days;
- (c) the Auditor provides recommendations in a final Audit report in a timely manner, which is usually 15 Business Days after the expiry of the time frame referred to in paragraph (b) above;
- (d) the Auditor arranges any verification and follow up with you, as necessary; and
- (e) we will consider and decide upon actions in respect of the Audit report and provide our responses within 20 Business Days of receiving it from the Auditor.

## **4. Surveys**

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We may from time to time undertake surveys of Service Users, Prescribers and Pharmacists. For the avoidance of doubt, such surveys do not constitute Audits.

## Schedule N1. Bank account details

Bank Account Details	
<b>Bank Name</b>	
<b>Branch Name</b>	
<b>Account Name</b>	
<b>Account Number</b>	
<b>GST Registered</b>	Yes/No
<b>GST Number</b>	

## Part C. Summary of Services to be provided

### C1 Agreement to provide Services

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You agree to provide to Eligible Persons the Services as detailed in, and in accordance with, this Part C.

### C2 Description of the Services

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#### C2.1 Services funded

We agree to fund the following pharmacy services, which are described in more detail in the service specifications in Schedule C1:

- (a) Core Pharmacy Services;
- (b) LTC Pharmacy Services;
- (c) any of the following Specific Pharmacy Services, where the relevant Specific Pharmacy Service is expressed in clause C2 of Schedule C1 to apply to this Agreement:
  - (i) Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence);
  - (ii) Aseptic Pharmacy Services;
  - (iii) Sterile Manufacturing Services;
  - (iv) Special Foods Services;
  - (v) Pharmacy Clozapine Services;
  - (vi) ARRC Pharmacy Services; and/or
  - (vii) Community Pharmacy Anti-coagulation Management Services;
  - (viii) Extemporaneously Compounded Preparations Services;
  - (ix) Named Patient Pharmaceutical Assessment (NPPA) Services A; and
  - (x) Named Patient Pharmaceutical Assessment (NPPA) Services B.
  - (xi) CRC Pharmacy Services
- (d) any other pharmacy services, if applicable, described in Part P.

Where there is any conflict between the requirements of any of the service specifications in Schedule C1 and the provisions in Parts A to P of this Agreement, the latter will take precedence.

#### C2.2 Provision of Services to Eligible People

- (a) Unless a Service User is eligible to receive LTC Pharmacy Services or the relevant Specific Pharmacy Service(s), you shall provide that Service User with Core Pharmacy Services only, and shall claim for payment in relation to the provision of Core Pharmacy Services accordingly in accordance with Part H.
- (b) If a Service User is approved in accordance with the LTC Pharmacy Services Protocol as being eligible to receive LTC Pharmacy Services, then you shall provide that Service User with LTC Pharmacy Services and shall be paid monthly for the provision of LTC Pharmacy Services to all Service Users recorded by Sector Services as registered for LTC Pharmacy Services in accordance with Part H.
- (c) If a Service User meets the criteria for one or more Specific Pharmacy Service(s), then you shall provide that Service User with such Specific Pharmacy Service(s) and shall claim for payment in relation to the provision of such Specific Pharmacy Service(s) accordingly in accordance with Part H.

#### C2.3 Funding of further Services

You acknowledge and agree that if you wish to provide, and receive funding from us for, any other pharmacy service that is not included in this Agreement under clause C2 of Schedule C1, then prior to any decision by us on whether to fund your provision of such other service:



- (a) we may have access to, and may review, your Records (including any Audit records) and any other relevant information held by you, to enable us to assess your ability to perform the further pharmacy service; and
- (b) you must make such Records (including any Audit records) and other information available to us and provide us with all reasonable assistance in relation to any such review.

#### **C2.4 Agree to work together and negotiate further services**

We both acknowledge and agree that this Agreement represents a change to the pharmacy funding and service model that has applied prior to the Commencement Date and it is intended that the Services you provide in accordance with this Agreement will need to be refined during the term of this Agreement to further develop and support the transition to the new pharmacy funding and service model. Accordingly, we both agree to work together, in good faith and as agreed in clause D4(g), to support and develop the service model, and further refine, in accordance with clause L8 as applicable, the Services you provide.

#### **C2.5 Peer Review of Services provided by other Providers**

You agree to participate in a peer review process of Services provided by Providers, whereby from a date advised by us you will peer review the Services provided by other Providers and co-operate in any peer review of your own provision of Services.

The details of this peer review process are still under consideration as at the date of this Agreement, and you will be advised of these details during the term of this Agreement (if you have not been advised prior). The audit and peer review work programme will be developed and overseen by the CPSOG.

### **C3 Eligibility of Service Users**

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#### **C3.1 Determining eligibility**

- (a) We both agree that the eligibility of a Service User to receive the Services, or any benefit or subsidy in respect of the Services or Pharmaceuticals will be determined in accordance with:
  - (i) any direction issued under section 32 of the Act regarding eligibility;
  - (ii) the eligibility criteria set out in the Health Entitlement Cards Regulations 1993; and
  - (iii) the terms and conditions set out in the Pharmaceutical Schedule, as applicable, and otherwise in accordance with the terms set out in this Agreement.
- (b) You can determine a Service User's eligibility for publicly-funded Pharmaceuticals by:
  - (i) identifying eligibility as indicated on the code on the prescription;
  - (ii) checking with the Prescriber; or
  - (iii) verifying eligibility directly with the Service User.
- (c) You are entitled to rely on the Prescriber's information about the Service User's eligibility. If you are in doubt that the information supplied is correct you should contact the Prescriber.
- (d) A Service User may also directly provide proof of eligibility by providing the relevant document or the correct permits in their passport. For guidance on how to establish eligibility, refer to the Eligibility for Publicly-Funded Health Services section on the Ministry of Health website<sup>4</sup>.

#### **C3.2 Disputes about eligibility**

Any disputes relating to whether or not a person is an Eligible Person will be determined by the Minister of Health.

#### **C3.3 Providing Services to ineligible persons**

You agree to comply with the provisions in clause H4.2 where you provide Services or Pharmaceuticals to persons who are not Eligible Persons.

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<sup>4</sup> <http://www.health.govt.nz/new-zealand-health-system/eligibility-publicly-funded-health-services/resources-service-providers-check-eligibility>

## **C4 Service location**

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### **C4.1 Service provision from within DHB geographical area**

- (a) Subject to clause C4.1(b), you must provide Services only within our geographical area (as that area is defined in Schedule 1 of the Act).
- (b) We may agree to fund Services which you provide outside our geographical area, provided that you have first received our and the affected DHB's (or DHBs') prior written agreement to your provision of such Services outside our geographical area and you only provide such Services to identified groups of Service Users and in accordance with the terms and conditions specified by us and such other affected DHB(s). For the avoidance of doubt, the provision of Services to an individual Service User who resides in the geographical area of another DHB and who presents a Prescription to you on an individual, isolated basis as a result of that Service User temporarily being out of that geographical area for reason of work, holiday or otherwise shall not be considered as providing Services outside our geographical area.

### **C4.2 Change of Premises**

Subject to clause C4.1, you must inform us in writing, within 10 Business Days after changing your Premises, of the new address and location of your Premises.

## Schedule C1. Service specifications

### C1. List of service specifications

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This Schedule C1 contains all of the service specifications which may be applicable to the provision of pharmacy services. Each service specification is more fully described in the relevant part of this schedule. Where a service specification is listed in clause C2 below, you agree to provide, and we will fund your provision of, the services listed in the relevant part of this Schedule. Subject to clause 6.1(i) of the service specification for Core Pharmacy Services, you are not required to provide, nor entitled to claim in respect of, any services for which the service specification is not listed in clause C2, notwithstanding the inclusion of a service specification relating to those services in this Schedule C1.

### C2. Service specifications applicable to this Agreement

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The service specifications applicable to this Agreement are:

**<<Note to DHB: Delete any service specifications that are not applicable for the specific Provider.>>**

- Core Pharmacy Services;
- LTC Pharmacy Services;
- CRC Pharmacy Services;
- ARRC Pharmacy Services;
- Special Foods Services
- Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services)
- Pharmacy Clozapine Services (Monitored Therapy Medicines)
- Aseptic Pharmacy Services
- Sterile Manufacturing Services
- Community Pharmacy Anti-Coagulation Management Services

# Core Pharmacy Services

## 1. Definition

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We wish to fund Core Pharmacy Services to enable Eligible Persons appropriate access to Pharmaceuticals and advice services that are responsive to the health needs and priorities of Service Users and communities. It is intended that these services will enhance the effectiveness of medicine usage by Eligible Persons in the community.

## 2. Service objectives

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We wish to fund Core Pharmacy Services as part of an integrated community based health service that:

- (a) provides Service Users with the best quality and most cost-effective services, within the available funding, by applying current pharmacy knowledge and skills to ensure a high standard of professional competence; and
- (b) ensures Service User and Staff safety.

## 3. Requirements for prescriptions and supply of Pharmaceuticals

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### 3.1 Prescriptions

You must only Dispense on the receipt of Prescription Forms that are written in accordance with current legislation and meet the requirements for subsidy and payment in the current Pharmaceutical Schedule and as set out in the Procedures Manual.

### 3.2 Dispensing a Specific Brand

- (a) Where a Prescriber requests that you Dispense a Pharmaceutical that is identified by reference to its generic active ingredient(s), you must Dispense the Specific Brand of that requested generic active ingredient that we or PHARMAC have specified as the Preferred Supplier Brand, unless otherwise authorised by us. For the avoidance of doubt, this paragraph (a) applies to all Pharmaceuticals subsidised by us, either in whole or in part, which are prescribed by reference to a generic active ingredient.
- (b) Where a Prescriber prescribes a Specific Brand, you may Dispense an alternative brand of medicine provided that, the Prescriber has not marked the prescription "No brand substitution permitted" or words of similar meaning, the substituted brand contains the same active ingredient(s), and no other active ingredients, is the same dose form and strength, and there is no clinical reason why the substituted brand should not be supplied. The pharmacist must record the brand substitution on the prescription and the pharmacist must sign and date the prescription. The pharmacist must also inform the patient of the brand substitution.
- (c) You will not Dispense any Specific Brand that is not listed on the Pharmaceutical Schedule where there is an alternative Specific Brand available, which is listed on the Pharmaceutical Schedule, unless you are expressly requested to Dispense such a Pharmaceutical by the Prescriber or the Service User. In these circumstances, the Dispensed Pharmaceutical will not be eligible for subsidy by us under this Agreement or added to the item count for the purposes of the Prescription Subsidy Card scheme.
- (d) The Pharmaceutical Schedule will specify any Preferred Supplier Brand Pharmaceuticals and the rules relating to Dispensing particular brands of Pharmaceutical, which you agree to comply with, where there is more than one brand of Pharmaceutical listed on the Pharmaceutical Schedule with the same generic active ingredient.

## 4. Service Users

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Service Users are Eligible People who choose to access Core Pharmacy Services from your Pharmacy.

## 5. Access

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### 5.1 Minimising barriers to access

You agree to minimise any barriers to Service Users accessing the Services to the extent that such matters are within your reasonable control.

### 5.2 Opening hours

- (a) You must provide Core Pharmacy Services for a minimum of 5 days a week unless such period is affected by a public or statutory holiday. You will use your best endeavours to ensure a level of access to Core Pharmacy Services that meets the reasonable needs of Service Users.
- (b) We may require you to provide Core Pharmacy Services outside ordinary business hours (as that term is defined in clause H4.6) and/or for more than 5 days a week if we believe this is necessary to ensure a level of access that meets the reasonable needs of Service Users. If we require you to provide Core Pharmacy Services outside ordinary business hours and/or for more than 5 days a week we may agree specific terms and conditions with you relating to the provision of such Services in Part P of this Agreement.
- (c) You will not be in breach of your obligations under this Agreement if your Pharmacy is closed for short periods of a few hours in special circumstances on isolated occasions.
- (d) You must ensure that a notice specifying:
  - (i) the period when your Pharmacy is closed; and
  - (ii) how Eligible People can obtain essential Pharmaceuticals during the period when your Pharmacy is closed,is prominently displayed on the outer door or window of your Pharmacy throughout such period.
- (e) You agree to notify us where the closure of your Pharmacy will unreasonably inconvenience Service Users in your area.

## 6. Service components

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### 6.1 Processes

Core Pharmacy Services include the following requirements.

#### (a) Dispensing of Pharmaceuticals

Dispensing will comply with the Pharmaceutical Schedule, all legislation and regulations applicable to the practice of Pharmacy in New Zealand, the Health and disability services Standards – Pharmacy services Standard NZS 8134.7:2010, the Code of Ethics and any other professional requirements which may be specified by the Pharmacy Council.

The Dispensing process includes:

- (i) ensuring the completeness of information on the Prescription Form, order or NRT Exchange Card e.g. Service User details, legibility and legal requirements;
- (ii) verification of the appropriateness of the prescribed Pharmaceutical using any relevant available information, e.g. suitability of the prescribed medicine, dosage and possible interactions; and
- (iii) checking acquired medication history for consistency of treatment, possible interactions and evidence of non-compliance or misuse.

#### (b) Provision of advice and counselling

You agree to provide essential professional advice and counselling and to take all reasonable steps to ensure that Service Users have sufficient knowledge to enable optimal therapy.

Provision of essential professional advice and counselling includes:

- (i) directions for the safe and effective use of the Pharmaceutical;
- (ii) the expected outcomes of therapy;
- (iii) what to do if side-effects occur;
- (iv) storage requirements of the Pharmaceutical; and

(v) disposal of unused Pharmaceuticals.

In addition to sub-clauses (i) to (v) above, you will make available to any person on request or otherwise where it is appropriate for you to do so (acting reasonably and professionally), written information about:

- (vi) the needle syringe exchange scheme, whether or not you participate in this scheme, and a list of providers of the needle syringe exchange scheme in your local area; and
- (vii) the safe disposal of used syringes, needles and other skin piercing devices, including a list of places where a person may take used syringes, needles and other skin piercing devices for safe disposal.

**(c) Maintaining Service User Records**

You agree to maintain Service Users' Records and other required information in accordance with statutory requirements. You further agree to maintain a Service User medication profile, being an individual Service User profile that lists, to the best of your knowledge:

- (i) the prescribed Pharmaceuticals that the Service User is currently receiving; and
- (ii) other relevant information, such as previous Pharmaceuticals taken, reactions to any Pharmaceuticals and other medicines of which you are aware the Service User is currently taking and which may influence the Service User's Pharmaceutical management at that time.

**(d) Reporting**

You agree to report any significant findings to the Prescriber. As a guide this may include, among other things, notifying the Prescriber of any problems which are apparent with a particular Prescription, if you have reasonable grounds to suspect that a Service User may be abusing the prescribed Pharmaceutical or that it could be detrimental to the Service User's health.

**(e) Administration**

You agree to fulfil reasonable administrative requirements as specified in the Procedures Manual.

**(f) Dispensing of Pharmaceuticals pursuant to Practitioner Supply Orders**

You agree to Dispense Pharmaceuticals prescribed pursuant to a Practitioner Supply Order in a suitable manner for use by Prescribers, in accordance with the terms of the Pharmaceutical Schedule and the process outlined in clauses 6.1(a), (d) and (e) above.

**(g) Dispensing of Pharmaceuticals on Bulk Supply Orders**

- (i) You agree to Dispense Pharmaceuticals prescribed pursuant to a Bulk Supply Order in a suitable manner for use by private hospitals or approved institutions, in accordance with the terms of the Pharmaceutical Schedule and the process outlined in clauses 6.1(a), (d) and (e) above. You further agree to provide appropriate advice to the private hospitals or approved institutions on the safe use of the Pharmaceuticals Dispensed.
- (ii) You acknowledge and agree that Bulk Supply Orders are to be used only for obtaining a supply of Pharmaceuticals that may be required in the following month by as yet unidentified Service Users and are not to be used to Dispense Pharmaceuticals for identified individual Service Users who require those Pharmaceuticals for their ongoing treatment needs as these Pharmaceuticals must be obtained by Prescription.

**(h) NRT Programme**

- (i) You agree to Dispense NRT pursuant to a Prescription Form or NRT Exchange Card in a suitable manner for use by Service Users, in accordance with the terms of the Pharmaceutical Schedule and the process outlined in clauses 6.1(a) to (e) above. You further agree to provide appropriate advice to Service Users on the safe use of the NRT Dispensed.
- (ii) You agree to provide advice and counselling to Service Users that is consistent with the National Smoking Cessation Guidelines, as updated from time to time, including the provision of:
  - (A) product information, including packet inserts and consumer information;
  - (B) appropriate advice regarding contraindications for using NRT; and

- (C) directions for the safe and effective use of NRT.
- (iii) We or the Ministry of Health will liaise with you and/or your agent with regard to the promotion materials for the NRT Programme.
- (iv) You agree to display counter-top promotional information about the National 0800 Quitline service and the NRT Programme, which we or the Ministry of Health will provide you with.
- (v) You may, at your discretion, participate in media and promotion strategies to promote the National 0800 Quitline service and the NRT Programme.
- (vi) We may notify you in writing, from time to time, of the procedures and systems that will apply to the NRT Programme and these will be incorporated into the Procedures Manual. These may include:
  - (A) procedures to manage and report duplicate or forged NRT Exchange Cards; and
  - (B) procedures to confirm the details on NRT Exchange Cards with the issuing Authorised NRT Agent.
- (vii) You acknowledge that the NRT Programme will be evaluated to assess, amongst other things, its effectiveness. Accordingly you agree to participate in that evaluation if requested, and provide such assistance and information as the evaluator may reasonably require.

**(i) Pharmacy Methadone Services for Opioid Dependence**

Where Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) is not listed in clause C2 of Schedule C1:

- (i) you may, nonetheless, provide Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) from your Pharmacy on an ad hoc or intermittent basis in response to a request from a Service User for such Services;
- (ii) where you choose to provide Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) under sub-clause (i) above, you are to do so in accordance with the service specification for Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) set out in this Schedule C1 (to the fullest extent applicable);
- (iii) you may not, in any event, provide Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) to more than two Service Users during any one Claim Period unless authorised in writing by us;
- (iv) if you do not wish to provide Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) on either an ad hoc or intermittent basis then you are to notify us of this in writing as soon as practicable.

**(j) Assessment for eligibility to the LTC Service**

In the event of a change to the Pharmaceutical Schedule Rule on Close Control you must assess Core Pharmacy Services Service Users on Close Control by 31 January 2013 for eligibility to register to receive LTC Pharmacy Services (refer to the LTC Pharmacy Services Protocol). In the event the Service User is not eligible to receive LTC Pharmacy Services you must safely transition the Service User to receiving relevant Core Pharmacy Services.

**(k) The provision of additional Specific Pharmacy Services**

Service Users receiving Core Pharmacy Services may also receive the following Specific Pharmacy Services:

- (i) Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence);
- (ii) Pharmacy Clozapine Services;
- (iii) Aseptic Pharmacy Services;
- (iv) Sterile Manufacturing Services;
- (v) Special Foods Services;
- (vi) Community Pharmacy Anti-Coagulation Management Services;
- (vii) Extemporaneously Compounded Preparations Services;

- (viii) Named Patient Pharmaceutical Assessment (NPPA) Services A; and
- (ix) Named Patient Pharmaceutical Assessment (NPPA) Services B.

**(I) Documentation of NHI**

As per H7.3(a) and H7.3(b) with respect of each Core Service Claim Item you submit under this Agreement, from an indicative date of 1 February 2013, you must include the Service User's NHI number. Where you receive a NHI number on a Prescription Form that is different from the NHI you already have for that Service User, you will use the NHI number on that Prescription Form unless you know that NHI to be incorrect in which event you will use the correct NHI number for that Service User.

**6.2 Waiting times for Services**

- (a) After a Service User or Service User's caregiver has presented a Prescription Form, order or NRT Exchange Card to you, you must Dispense:
  - (i) ninety percent of Prescription Items within one hour of being presented at your Pharmacy;
  - (ii) ninety-nine percent of Prescription Items before the end of the next Business Day if presented during a Business Day;
  - (iii) one hundred percent of Prescription Items within two Business Days if presented during a Business Day.
- (b) You must maintain adequate stocks, or be able to obtain adequate stocks, of all Pharmaceuticals to meet the above waiting time requirements and your failure to do so will not be considered to be an Uncontrollable Event.
- (c) Waiting times outside these requirements may be acceptable to us if there is mutual agreement reached between you and the Service User.
- (d) The waiting times in paragraph (a) above will not apply if a Prescription Item is a Pharmaceutical that is not readily available in New Zealand at the time that you are presented with the Prescription Form.
- (e) We may specifically vary this clause, after negotiation and agreement with you, taking into account your particular supply arrangements.

**6.3 Facilities and Settings**

The Pharmacy from which you provide Core Pharmacy Services must be licensed by the licensing authority under the Medicines Act 1981.

**6.4 Support services**

You agree to facilitate Service Users' access to support and advocacy services in accordance with clause G6.6.

**6.5 Key inputs**

All Staff that you employ to provide Core Pharmacy Services under this Agreement must have appropriate qualifications and professional registrations.

**7. Service linkages**

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You agree to have effective links, where appropriate, with the following services (note this list is not exhaustive):

- (a) primary medical and nursing services, including local organisations;
- (b) Maori primary and community care providers;
- (c) Pacific primary and community care providers;
- (d) child health services;
- (e) mental health services;
- (f) maternity services;
- (g) dental services;
- (h) private specialists;
- (i) public health services;
- (j) Service User advocacy services, including Maori and Pacific Islands advocacy services; and



- (k) Authorised NRT Agents in your area.

## 8. Exclusions

The following services are excluded from this service specification for Core Pharmacy Services:

- (a) LTC Pharmacy Services; and
- (b) ARRC Pharmacy Services.

## 9. Additional quality requirements

### 9.1 Additional requirements

In addition to your obligations under the Quality Specifications in Part G, the following specific quality requirements set out in clauses 9.2 and 9.3 of this service specification also apply to Core Pharmacy Services.

### 9.2 Acceptability

Core Pharmacy Services must be provided from premises conforming to relevant standards issued by the Ministry of Health or the Pharmacy Council.

### 9.3 Contemporary pharmacy knowledge and skills

You must actively seek and apply contemporary pharmacy knowledge and skills when providing Core Pharmacy Services to ensure a high standard of professional competence, as required by principle 5 of the Code of Ethics.

## 10. Purchase Units and reporting requirements

### 10.1 Purchase Units

The following Purchase Units apply to Core Pharmacy Services. Purchase Units are defined in the Ministry of Health's data dictionary and correspond to the relevant services and payment terms specified in Schedule H1.

PU ID	PU Short Name
PH1001	Core Pharmacy Services
PH1002	Extemporaneously Compounded Preparations Services
PH1004	Named Patient Pharmaceutical Assessment (NPPA) Services A (Pharmaceuticals on the Pharmaceutical Schedule)
PH1005	Named Patient Pharmaceutical Assessment (NPPA) Services B (Pharmaceuticals <i>not on</i> the Pharmaceutical Schedule)
PH1006	Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence)
PH1008	Pharmacy Clozapine Services (Monitored Therapy Medicine Services)
PH1010	Aseptic Pharmacy Services
PH1025	Sterile Manufacturing Services
PH1003	Special Foods Services
PH1031	Community Pharmacy Anti-coagulation Management Services

You may claim for the following Services if these are listed in Schedule C1, clause C2:

- Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services)
- Pharmacy Clozapine Services (Monitored Therapy Services)
- Aseptic Pharmacy Services
- Sterile Manufacturing Services
- Special Foods Services

- Community Pharmacy Anti-coagulation Management Services

## **10.2 Reporting requirements**

You agree to report information in accordance with the Pharmaceutical Transactions Data Specification, the Procedures Manual, and the terms and conditions set out in this Agreement, including Part H.

## LTC Pharmacy Services

### 1. Funding of LTC Pharmacy Services

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#### 1.1 Definition

We wish to fund the provision of LTC Pharmacy Services to Service Users with a diagnosed Long Term Condition, who have poor medicine adherence and who are assessed as having the capacity and willingness to receive additional support. Where you have Service Users who have been granted approval in accordance with the LTC Pharmacy Services Protocol to receive LTC Pharmacy Services, you will be paid to provide those Service Users with LTC Pharmacy Services in accordance with Part H.

#### 1.2 Service Users

We will only fund you for providing LTC Pharmacy Services to Service Users:

- (a) who, at the time you provide such LTC Pharmacy Services to them, meet the LTC Access Criteria and have been approved as eligible to receive such LTC Pharmacy Services in accordance with this service specification and the LTC Pharmacy Services Protocol; and
- (b) to whom you have provided LTC Pharmacy Services in accordance with the terms and conditions of this Agreement and the then current LTC Pharmacy Services Protocol.

#### 1.3 LTC Pharmacy Services Protocol

- (a) We both acknowledge it is intended that the LTC Access Criteria, the LTC Exit Criteria, and other detailed requirements relating to the provision of LTC Pharmacy Services set out in the LTC Pharmacy Services Protocol will evolve during the term of this Agreement.
- (b) During the term of this Agreement, we may amend the LTC Pharmacy Services Protocol from time to time, following Consultation with you, and any such amended LTC Pharmacy Services Protocol will be provided to you, in our sole discretion, in either electronic or written form. For the avoidance of doubt, any amendment to the LTC Pharmacy Services Protocol is a not a variation in accordance with clauses L1 to L6 in Part L.
- (c) If the LTC Pharmacy Services Protocol is amended during the term of this Agreement, you must review the status of your then current Service Users who have been approved as eligible to receive LTC Pharmacy Services against the LTC Access Criteria and LTC Exit Criteria to determine whether each such Service User is still eligible to receive LTC Pharmacy Services. In the event a Service User then meets the LTC Exit Criteria you must follow the process specified in the LTC Pharmacy Services Protocol for exiting a Service User from the LTC Pharmacy Services programme. This change will take place the next time you make contact with the Service User.

### 2. Service objectives

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- (a) As a key member of the multidisciplinary community care team, community pharmacy can assist Service Users who have been approved in accordance with the LTC Pharmacy Services Protocol as being eligible to receive LTC Pharmacy Services to maintain and improve their health status, thus minimising acute admissions to hospital and delaying entry to residential care. It is intended that the LTC Pharmacy Service will enhance the effectiveness of medicine usage by such Service Users, and enhance the multi-disciplinary team relationship.
- (b) This service specification relates to the provision of LTC Pharmacy Services to Service Users who have been approved as being eligible to receive such Service. We wish to fund LTC Pharmacy Services as part of an integrated community based health service that:
  - (i) is provided under the New Zealand Pharmacy Council Competence Standard I;

- (ii) improves the Service User's understanding of all the medicines prescribed for them (i.e. why the medicine has been prescribed, how they should take it to ensure the intended effects, any likely consequences of use), and any other medicines they are taking;
- (iii) assists the Service User to adhere to and persevere with their medicines regime and to manage any prescribed changes to that regime;
- (iv) ensures that community Pharmacists participate in the multi-disciplinary team and provide continuity of care to the Service User in conjunction with their primary, community, secondary and residential care teams;
- (v) contributes to professional relationships between Prescribers and Pharmacists that support improved prescribing practices and appropriateness of medicines;
- (vi) ensures that community Pharmacists provide meaningful input to the Service User's health care and treatment plans, developed by members of the multidisciplinary team. Ideally there would be one shared care plan, co-ordinated by the Service User's primary care provider, that would be available in electronic or manual format to all providers involved with the Service User's care as well as the Service User, and their identified support people or agent(s) if they lack personal capacity;
- (vii) obtains best value for funding available by targeting the Service Users who meet the LTC Criteria to benefit from LTC Pharmacy Services, carefully selecting those LTC Pharmacy Services most suited to their needs; and
- (viii) seeks to achieve improved health outcomes from the provision of LTC Pharmacy Services for Service Users who meet the LTC Access Criteria.

### **3. Accessing and exiting LTC Pharmacy Services**

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#### **3.1 LTC Access Criteria and approval to provide LTC Pharmacy Services**

- (a) Where you identify a Service User as being likely to meet the LTC Access Criteria, you will discuss the LTC Access Criteria and LTC Pharmacy Services programme with that Service User (or their agent who has been appointed to make decisions on their behalf). A Service User (or their agent), their caregiver and/or any member of that Service User's multidisciplinary care team may request that you consider whether the Service User meets the LTC Access Criteria and would be eligible to receive LTC Pharmacy Services.
- (b) Once you have complied with the requirements set out in clause 3.1(a) above, you will, with the consent of the Service User or their agent (as applicable) assess the eligibility of Service User against the LTC Access Criteria in accordance with the terms and conditions of the LTC Pharmacy Services Protocol.
- (c) In the event that you determine, in good faith, that the Service User is eligible pursuant to the terms of the LTC Access Criteria and LTC Pharmacy Services Protocol to receive LTC Pharmacy Services or the Service User has been approved for entry to receive LTC Pharmacy Services as an Exceptional Circumstance LTC Service User by the Exceptional Circumstances Panel, you must:
  - (i) determine the appropriate level of LTC Pharmacy Services the Service User requires. These Services shall be selected from the Essential LTC Services you consider to be necessary or desirable according to the priority of that Service User's needs across your patient population;
  - (ii) obtain the written agreement of the Service User (or their agent who has been appointed to make decisions on their behalf) to enter the LTC Pharmacy Services programme and in doing so to agree to use your Pharmacy as their ongoing regular provider of pharmacy Services while they are receiving the LTC Pharmacy Services; and
  - (iii) complete the approvals process set out in the LTC Pharmacy Services Protocol so that you will be eligible to receive funding for the LTC Pharmacy Services you provide to that Service User. A Service User approved by the Exceptional Circumstance Panel as an Exceptional Circumstance LTC Service User will be deemed to have the minimum score required to qualify for LTC Pharmacy Services.

### 3.2 Changing Providers

- (a) In the event that a Service User has been approved in accordance with the LTC Pharmacy Services Protocol to receive LTC Pharmacy Services and that Service User wishes to change to:
  - (i) your Pharmacy from another Pharmacy then, if you agree to provide such LTC Pharmacy Services to that Service User (such agreement not to be unreasonably withheld), you must obtain that Service User's agreement to now receive LTC Pharmacy Services from your Pharmacy, and you must notify such change of Provider to the Provider from whom they previously received such Services as well as us, our Payment Agent and all relevant members of that Service User's multidisciplinary care team; and
  - (ii) another Provider from your Pharmacy, then on receipt of notification of that change from the Service User or the other Provider you must adjust your records accordingly and not restrict the ability of the Service User to change Providers. No further LTC Claims are to be made in respect of that Service User.
- (b) You must also ensure that the specified handover process set out in the LTC Pharmacy Services Protocol is completed.

### 3.3 Exiting Service Users from the LTC Pharmacy Services programme

- (a) In accordance with your obligations set out in the LTC Pharmacy Services Protocol, you must periodically (being at least once every 12 months or at such other frequency stipulated in the LTC Pharmacy Services Protocol) assess each Service User who has been approved as being eligible to receive LTC Pharmacy Services from you against the LTC Exit Criteria to determine whether that Service User meets any of those LTC Exit Criteria.
- (b) In the event a Service User meets the LTC Exit Criteria or is no longer approved to remain in the LTC Pharmacy Service as an Exceptional Circumstance LTC Service User, you must immediately follow the process specified in the LTC Pharmacy Services Protocol for exiting a Service User from the LTC Pharmacy Services programme.
- (c) We may also, on the basis of the Records available to us and following discussion with you and any applicable members of the multidisciplinary care team, require you to exit a Service User from the LTC Pharmacy Services programme. Where we do so, we will notify you accordingly and you must exit that Service User accordingly, following the process specified in the LTC Pharmacy Services Protocol for exiting a Service User from the LTC Pharmacy Services programme.
- (d) Pursuant to clause H12(b), from the date the Service User is exited from the LTC Pharmacy Services programme, including the date of exit, you will no longer be entitled to receive any funding for the provision of LTC Pharmacy Services to that Service User.

### 3.4 Annual cap on number of Service Users in the LTC Pharmacy Services

- (a) We will notify you on or before 1 July 2017 of the cap on the total number of Service Users in our DHB's geographical area who may receive LTC Pharmacy Services during the 2017/18 Financial Year (the LTC Annual Cap). This will be calculated on the basis of a national cap on the total number of Service Users who may receive LTC Pharmacy Services during the 2017/18 Financial Year that is equal to actual audited numbers of Service Users receiving LTC Pharmacy Services across all DHB geographical areas on 30 June 2017 plus 9,520 new service users.
- (b) We will monitor and report publicly each month during the 2017/18 Financial Year on the number of Service Users in our DHB's geographical area who, having been approved in accordance with the LTC Pharmacy Services Protocol, are receiving LTC Pharmacy Services.
- (c) We will notify you in writing when the total number of Service Users in our DHB's geographical area receiving LTC Pharmacy Services has reached 97% of the LTC Annual Cap. If the total number of Service Users in our DHB's geographical area receiving LTC Pharmacy Services subsequently reaches 100% of the LTC Annual Cap:
  - (i) we will notify you in writing that the LTC Annual Cap has been reached;

- (ii) we will suspend approvals under the LTC Pharmacy Services Protocol of all applications for new Service Users in our DHB's geographical area to receive LTC Pharmacy Services; and
  - (iii) you will cease any discussions under clause 3.1(a) of this service specification with any new Service Users and will not re-commence those discussions or commence any new discussions until the suspension has been lifted in accordance with clause 3.4(e).
- (d) We will continue to monitor and report publicly each month on the number of Service Users in our DHB's geographical area receiving LTC Pharmacy Services during the period of the suspension.
- (e) Once the reported number of Service Users receiving LTC Pharmacy Services in our DHB's geographical area drops to below 99% of the LTC Annual Cap, we will lift the suspension.
- (f) For the avoidance of doubt, nothing in this clause 3.4 affects:
- (i) those Service Users already receiving LTC Pharmacy Services or your entitlement to payment in relation to those existing Service Users; or
  - (ii) our rights to amend the LTC Pharmacy Services Protocol from time to time in accordance with clause 1.3 of this service specification.

## **4 LTC Pharmacy Services**

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- 4.1 The Essential LTC Services to be provided to each Service User, as appropriate, are:
- (a) the services specified in clause 6.1(a) to (e) of the service specification for Core Pharmacy Services;
  - (b) medicines reconciliation services, whereby you collect and compare information from Prescribers on the Service User's medicines in order to identify the most accurate list of medicines the Service User is taking;
  - (c) synchronisation services, whereby you coordinate the quantities of all the Service User's medications supplied to the earliest common date in order that the next prescription periods can be aligned;
  - (d) reminder services, whereby you provide each such Service User (or their agent) with a reminder, in a form agreed with them (e.g. text message, email or telephone call), about when their next supply of Pharmaceuticals is to be collected;
  - (e) your regular screening of a Service User's compliance with and adherence to their medicines regime and the provision of medicines alignment services, as further specified (if applicable) in the LTC Pharmacy Services Protocol;
  - (f) dispensing services, with dispensing frequency tailored to the needs of the Service User and within the Pharmaceutical Schedule Rules; and
  - (g) your regular engagement, as deemed appropriate or agreed, with members of the Service User's multidisciplinary care team, and in particular, engagement with their key medical practitioner(s), in order to provide such team members with information about the Service User's progress in improving their management of their medications and with paragraph (e) above.
- 4.2 In providing a Service User with LTC Pharmacy Services you must ensure that there is regular, proactive contact between the Pharmacist and the Service User while the Service User is in the LTC Pharmacy Services programme, with clear agreement about mutual expectations and LTC Pharmacy Services available.
- 4.3 All of the LTC Pharmacy Services you provide to each such Service User must be supported by appropriate documentation which is to be available for our inspection and Audit.
- 4.4 We both acknowledge that it may not be appropriate to provide all of the Essential LTC Services to a Service User eligible to receive LTC Pharmacy Services from the date that Services User is approved as being eligible to receive such Services in accordance with the LTC Pharmacy Services Protocol. You must follow the process set out in the LTC Pharmacy Services Protocol for transitioning a Service User on to the appropriate Essential LTC Services.
- 4.5 Service Users receiving LTC Pharmacy Services may also receive the following Specific Pharmacy Services:

- (a) Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence);
- (b) Pharmacy Clozapine Services;
- (c) Aseptic Pharmacy Services;
- (d) Sterile Manufacturing Services;
- (e) Special Foods Services;
- (f) Community Pharmacy Anti-coagulation Management Services;
- (g) Extemporaneously Compounded Preparations Services;
- (h) Named Patient Pharmaceutical Assessment (NPPA) Services A; and
- (i) Named Patient Pharmaceutical Assessment (NPPA) Services B.

## **5. Record keeping and reporting**

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### **5.1 Record keeping**

- (a) You must maintain up-to-date Records for each Service User who is receiving LTC Pharmacy Services from you, documenting in detail the Services you provide to that Service User, including the frequency with which you provide such LTC Pharmacy Services to that Service User, as well as supporting the initiation, continuation, and cessation of LTC Pharmacy Services in relation to each relevant Service User.
- (b) The Records held by you relating to each Service User must, if requested, be made available:
  - (i) to that Service User or their agent, if applicable, and subject to any applicable laws to their relatives, caregivers and, where relevant, residence staff as well as to members of their multidisciplinary care team;
  - (ii) if that Service User transfers to another Provider or to secondary care, to that Provider or secondary care organisation; and
  - (iii) to us, for audit and monitoring purposes.

### **5.2 Reporting**

If you provide LTC Pharmacy Services to any Service Users, you must comply with any reporting requirements set out in the LTC Pharmacy Services Protocol.

## **6. Who is to provide the LTC Pharmacy Services?**

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You will ensure that each of the Services to be provided as part of the LTC Pharmacy Services to a particular Service User will be provided by an appropriate member of your Staff acting in accordance with their scope of practice and the identified needs of that Service User.

## **7. Exclusions**

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Subject to clause 4.6 of this service specification in relation to Specific Pharmacy Services provided to Service Users registered to receive LTC Pharmacy Services, you may not claim any funding, nor shall you be paid, for:

- (a) providing any Services other than the LTC Pharmacy Services (or such other Services that we agree in writing you may provide as a condition of the approval for a particular Service User) to Service Users who meet the LTC Access Criteria and are approved in accordance with the LTC Pharmacy Services Protocol to receive LTC Pharmacy Services;
- (b) providing LTC Pharmacy Services to:
  - (i) any person, including any Service User, who has not been approved as being eligible to receive such LTC Pharmacy Services from you. For the avoidance of doubt, you will not be funded for providing LTC Pharmacy Services to relatives of a Service User who has been granted approval to receive LTC Pharmacy Services;
  - (ii) any ARRC Service User. For the avoidance of doubt, you must provide ARRC Pharmacy Services in accordance with the ARRC Pharmacy Services service specification and otherwise in accordance with this Agreement for each ARRC Service User who accesses your Pharmacy;

(iii) any CRC Service User.

## 8. Purchase Units

The following Purchase Units apply to LTC Pharmacy Services. Purchase Units are defined in the Ministry of Health's data dictionary and correspond to the relevant services and payment terms specified in Schedule H1.

PU ID	PU Short Name
PH1028	LTC Pharmacy Services (which includes Pharmacy High Needs Adherence Management (PHAM) Services)
PH1002	Extemporaneously Compounded Preparations Services
PH1004	Named Patient Pharmaceutical Assessment (NPPA) Services A (Pharmaceuticals on the Pharmaceutical Schedule)
PH1005	Named Patient Pharmaceutical Assessment (NPPA) Services B (Pharmaceuticals <i>not on</i> the Pharmaceutical Schedule)
PH1006	Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence)
PH1008	Pharmacy Clozapine Services (Monitored Therapy Medicine Services)
PH1010	Aseptic Pharmacy Services
PH1025	Sterile Manufacturing Services
PH1003	Special Foods Services
PH1031	Community Pharmacy Anti-coagulation Management Services

You may claim for the following Services if these are listed in Schedule C1, Clause C2:

- Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services)
- Pharmacy Clozapine Services (Monitored Therapy Medicine Services)
- Aseptic Pharmacy Services
- Sterile Manufacturing Services
- Special Foods Services
- Community Pharmacy Anti-coagulation Management Services



# Pharmacy Services to Community Residential Care (CRC) Service Users

## 1. Definition

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We wish to fund Community Residential Care (CRC) Pharmacy Services to Service Users living in community residential care.

Services are normally for Service Users living long-term and continuously in community residential care and receiving a Residential Support Subsidy, and also include people over 65 years living in community residential care and receiving a Residential Care Subsidy.

The Service Users live in either multi-bed facilities, or individual units/group housing managed by the CRC Service Provider. Non-subsidised Service Users living in a CRC Service are also eligible to receive CRC Pharmacy Services provided they meet the eligibility criteria for publicly-funded health services (refer to clause C3). Services may also be short-term in the case of CRC Pharmacy Services to children and young people living in a CYF Residence under Section 364 of the Children, Young Persons and Their Families Act 1989, and services to Service Users in a community residential drug and alcohol or addiction treatment programme.

The Services set out in this service specification should not be taken as defining the limits of the role that Pharmacists could play in the future in terms of assisting with the medicine management of Service Users living in this setting.

## 2. Service objectives

---

CRC Pharmacy Services are part of community based health services that:

- (a) provide CRC Service Users with the best quality and most cost-effective community pharmacy Services, within the available funding, based on established professional and quality management standards and codes of practice;
- (b) provide pharmacist advice as required to ensure optimal medicines management for Service Users; and
- (c) contribute to Service User and Staff safety.

## 3. Service Users

---

The Service Users to whom you may provide CRC Pharmacy Services are people living in a CRC Service with one or more of the following conditions

- a) physical or sensory disability
- b) intellectual disability
- c) psychiatric disability (including drug and alcohol or addiction rehabilitation)
- d) a disabling chronic health condition (e.g. a neurological condition, or a stroke)

who require community residential support services.

Children and young people with behavioural problems or who have committed an offence and who live in a Child Youth & Family (CYF) Care & Protection or Youth Justice Residence under Section 364 of the Children, Young Persons and Their Families Act 1989 are also eligible for this Service.

*Refer to:* Clause 8 – Exclusions.

## 4. Access

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- (a) You agree to provide CRC Pharmacy Services for a minimum of 5 days a week during usual business hours unless such period is affected by a public or statutory holiday. You will use your best endeavours to ensure a level of access to CRC Pharmacy Services to Service Users that meets their reasonable needs.

- (b) You must provide CRC Pharmacy Services during normal business hours to minimise the need for after hours pharmacy services, as agreed between you and the CRC Service Provider.

## **5. Service components**

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### **5.1 Services**

CRC Pharmacy Services include:

- (a) the Dispensing of Pharmaceuticals in accordance with the terms of the Pharmaceutical Schedule and the process outlined in clause 6.1(a) to (e) of the Core Pharmacy Services service specification<sup>5</sup>;
- (b) the provision of information, advice and services to the same standard of information, advice and services as that which would be received by a Service User presenting at your Pharmacy as is required by the Code of Ethics;
- (c) the maintenance of an accurate dispensing record and medication profile for every Service User. You must make it available, if requested, to the Service User, or their agent (as applicable) and members of the Service User's multi-disciplinary team, and also if the Service User transfers to another Provider or CRC Service;
- (d) the provision of synchronisation and reconciliation services, as appropriate, for each Service User.

### **5.2 Facilities and settings**

- (a) The Pharmacy from which you provide CRC Pharmacy Services must be licensed by the Ministry of Health.
- (b) If you use a local or remote packaging facility, you may only do so with our prior approval and on the basis that the packaging facility will deliver the Pharmaceuticals to you for final checking, and following such check the Pharmaceuticals for the Service User are made available to the CRC Service Provider.

### **5.3 Delivery times**

Subject to any written agreement between us to the contrary to take into account your particular supply arrangements for Service Users, in order to minimise unnecessary Dispensing and waste of Pharmaceuticals, in normal circumstances you should deliver a Prescription Item to the CRC Service Provider no earlier than 3 Business Days prior to the expected first administration of the Pharmaceutical comprising that Prescription Item to the relevant Service User. These delivery times will not apply if a Prescription Item is for a Pharmaceutical that is not available in New Zealand at the time that you are presented with the Prescription Form.

NB Individual arrangements for the supply of medication may be arranged if the Service User is away from the residence or their home for a period of time and medication is taken away.

### **5.4 Claim information**

As per clause H7.4, in respect of each CRC Pharmacy Service Claim you submit under this Agreement, you must provide the NHI number of each Service User who was registered with your Pharmacy as receiving CRC Pharmacy Services. From an indicative date of 1 March 2013, you must also provide the DoB of each Service User in respect of all claims covered in clause H7.

### **5.5 The provision of additional Specific Pharmacy Services**

Service Users receiving CRC Pharmacy Services may also receive the following Specific Pharmacy Services:

- (a) Class B Controlled Drug Services (including Pharmacy Services for Opioid Dependence);
- (b) Pharmacy Clozapine Services;
- (c) Aseptic Pharmacy Services;
- (d) Sterile Manufacturing Services;

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<sup>5</sup> For the purpose of clarification the cost of compliance packaging is not part of this Agreement and is negotiated between the pharmacy and the CRC service provider and/or the Service User.

- (e) Special Foods Services;
- (f) Community Pharmacy Anti-coagulation Management Services;
- (g) Extemporaneously Compounded Preparations Services;
- (h) Named Patient Pharmaceutical Assessment (NPPA) Services A; and
- (i) Named Patient Pharmaceutical Assessment (NPPA) Services B.

## 6. Notification of Provision of Services

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Within one month of the date on which you first provide CRC Pharmacy Services to a Service User as part of this Agreement, until such time as this information can be provided electronically to the national register, you must inform Sector Services Wellington in writing of the following:

- Name of the Service User, NHI and date of birth
- Start Date CRC Pharmacy Services
- End Date CRC Pharmacy Services, as appropriate
- The name of the CRC Service Provider (in which the CRC Service User resides to whom you are providing CRC Pharmacy Services)
- The name and provider number of the pharmacy supplying CRC Pharmacy Services to the Service Users identified above.

Risk, Control & Finance  
Sector Services  
PO Box 1043  
Wellington

## 7. Service linkages

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You agree to have effective links with:

- (a) service providers and organisations specified in clause 7 of the service specification for Core Pharmacy Services in Schedule C1; and
- (b) the CRC Service Providers providing services to CRC Service Users.

## 8. Exclusions

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The following are excluded from this Service:

- (a) ARRC Pharmacy Services, Core Pharmacy Services, and LTC Pharmacy Services;
- (b) Service Users living in their own homes or in rented accommodation, living with family, or in a boarding arrangement, whether or not they are receiving regular medication oversight or support services from a disability provider;
- (c) Service Users living in community support houses; and
- (d) Service Users receiving respite care in a CRC Service.

## 9. Quality requirements

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In addition to your obligations under the Quality Specifications in Part G of this Agreement, you must also make relevant Records available to our auditors of relevant services provided to CRC Service Providers, including any information in relation to the dispensing record of the relevant Service Users.

## 10. Purchase Units and reporting requirements

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### 10.1 Purchase Units

The following Purchase Units apply to CRC Pharmacy Services.

Purchase Units are defined in the Ministry of Health's data dictionary and correspond to the relevant services and payment terms specified in Schedule H1.

PU ID	PU Short Name
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<b>PH1035</b>	Community Residential Care (CRC) Pharmacy Services  <b>NOTE: Until such time as claiming systems are in place for PH1035, providers are to use PH1029 (ARRC Pharmacy Services).</b>
<b>PH1002</b>	Extemporaneously Compounded Preparations Services
<b>PH1004</b>	Named Patient Pharmaceutical Assessment (NPPA) Services A (Pharmaceuticals on the Pharmaceutical Schedule)
<b>PH1005</b>	Named Patient Pharmaceutical Assessment (NPPA) Services B (Pharmaceuticals <i>not on</i> the Pharmaceutical Schedule)
<b>PH1006</b>	Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence)
<b>PH1008</b>	Pharmacy Clozapine Services (Monitored Therapy Medicine Services)
<b>PH1010</b>	Aseptic Pharmacy Services
<b>PH1025</b>	Sterile Manufacturing Services
<b>PH1003</b>	Special Foods Services
<b>PH1031</b>	Community Pharmacy Anti-coagulation Management Services

You may claim for the following Services if these are listed in Schedule C1, clause C2:

- Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services)
- Pharmacy Clozapine Services (Monitored Therapy Medicine Services)
- Aseptic Pharmacy Services
- Sterile Manufacturing Services
- Special Foods Services
- Community Pharmacy Anti-coagulation Management Services

## 10.2 Reporting requirements

You agree to report information in accordance with the Pharmaceutical Transactions Data Specification, the Procedures Manual and the terms and conditions set out in this Agreement, including Part H.

# Pharmacy Services to ARRC Service Users in ARRC Facilities

## 1. Definition

---

We wish to fund Pharmacy Services for ARRC Service Users in ARRC Facilities to ensure appropriate pharmacy services and advice are being provided to such ARRC Service Users and the ARRC Providers in respect of the ARRC Facilities in which those ARRC Service Users reside. The Services set out in this service specification should not be taken as defining the limits of the role that Pharmacists could play in the future in terms of assisting with the medicine management of ARRC Service Users.

## 2. Service objectives

---

We wish to fund pharmacy Services to ARRC Service Users in ARRC Facilities as part of an integrated community based health service that:

- (a) provides ARRC Service Users with the best quality and most cost-effective Services, within the available funding, based on established professional and quality management standards and codes of practice;
- (b) provides specialist advice as required to ensure optimal medicines management for ARRC Service Users; and
- (c) ensures ARRC Service User and Staff safety.

## 3. Service Users

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The Service Users to whom you may provide ARRC Pharmacy Services are only ARRC Service Users. For the avoidance of doubt, if a person is residing in a rest home or long-stay care hospital (including a home or hospital which is an ARRC Facility) but that person is not an ARRC Service User then such person shall not be treated as an ARRC Service User nor provided ARRC Pharmacy Services under this Agreement. Such non-ARRC Service Users shall instead be provided Core Pharmacy Services and such other Services as they are eligible to receive under this Agreement.

## 4. Access

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- (a) You agree to provide ARRC Pharmacy Services for a minimum of 5 days a week during usual business hours unless such period is affected by a public or statutory holiday. You will use your best endeavours to ensure a level of access to ARRC Pharmacy Services to ARRC Service Users that meets the reasonable needs of such Service Users.
- (b) You must provide ARRC Pharmacy Services during normal business hours to minimise the need for after hours pharmacy services, as agreed between you and the ARRC Providers of ARRC Facilities in which those ARRC Service Users reside.

## 5. Service components

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### 5.1 Services

ARRC Pharmacy Services include:

- (a) the Dispensing of Pharmaceuticals in a suitable manner, in accordance with the terms of the Pharmaceutical Schedule and the process outlined in clauses 6.1(a) to (e) of the Core Pharmacy Services service specification;
- (b) the provision of information, advice and services to the same standard of information, advice and services to that which would be received by a Service User presenting at your Pharmacy as is required by the Code of Ethics;
- (c) the implementation of systems for the distribution and administration of Pharmaceuticals to ARRC Providers of ARRC Facilities for ARRC Service Users that

support the Medicines Care Guides for Residential Aged Care published by the Ministry of Health, 2011;

- (d) the maintenance of an accurate medication profile for every ARRC Service User, and you must:
  - (i) make it available, if requested, to the ARRC Service User, or their agent (as applicable) and members of the ARRC Service User's multi-disciplinary team; and
  - (ii) transfer it to the applicable Pharmacy, ARRC Provider of the relevant ARRC Facility or secondary care Practitioner, if the ARRC Service User transfers to another Provider or ARRC Facility;
- (e) the provision of synchronisation, reconciliation and review services, as appropriate for each ARRC Service User;
- (f) encouraging compliance by, and drug efficacy for, each ARRC Service User by providing information, support, advice and education to the ARRC Facility staff who are competent in medicines management, involving the ARRC Service User (or their agent) if and when appropriate; and
- (g) making a Pharmacist available to ARRC Service Users and the ARRC Providers of the relevant ARRC Facilities on a regular basis to provide support, information and advice to the ARRC Service Users and such ARRC Providers and ARRC Facility staff members who are competent in medicines management.

## **5.2 Facilities and settings**

- (a) The Pharmacy from which you provide ARRC Pharmacy Services must be licensed by the Ministry of Health.
- (b) You must provide a delivery service to ARRC Service Users in ARRC Facilities.
- (c) If you use a local or remote packaging facility, you may only do so with our prior approval and on the basis that the packaging facility will deliver the Pharmaceuticals to you for final checking, and following such check you must deliver the Pharmaceuticals to the ARRC Facility.

## **5.3 Waiting times for Services**

Subject to any written agreement between us to the contrary to take into account your particular supply arrangements for ARRC Service Users:

- (a) to minimise unnecessary Dispensing and waste of Pharmaceuticals, you must not deliver a Prescription Item to an ARRC Service User in an ARRC Facility earlier than 3 Business Days prior to the expected first administration of the Pharmaceutical comprising that Prescription Item to the relevant ARRC Service User; and
- (b) the waiting times in paragraph (a) above will not apply if a Prescription Item is for a Pharmaceutical that is not available in New Zealand at the time that you are presented with the Prescription Form.

## **5.4 Claim information**

As per clause H7.4, in respect of each ARRC Claim you submit under this Agreement, you must provide the NHI number of each Service User who was registered with your Pharmacy as receiving ARRC Pharmacy Services. From an indicative date of 1 February 2013, you must also provide the DoB of each Service User in respect of all claims covered in clause H7.

## **5.5 The provision of additional Specific Pharmacy Services**

Service Users receiving ARRC Pharmacy Services may also receive the following Specific Pharmacy Services:

- (a) Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence);
- (b) Pharmacy Clozapine Services;
- (c) Aseptic Pharmacy Services;
- (d) Sterile Manufacturing Services ;
- (e) Special Foods Services;
- (f) Community Pharmacy Anti-Coagulation Management Services;

- (g) Extemporaneously Compounded Preparations Services;
- (h) Named Patient Pharmaceutical Assessment (NPPA) Services A; and
- (i) Named Patient Pharmaceutical Assessment (NPPA) Services B.

## 6. Notification of Provision of Services

---

You must inform us in writing of the names of the ARRC Facilities in which ARRC Service Users reside to whom you provide ARRC Pharmacy Services, or provide this electronically using the Health Practitioner Index (HPI) number. Such information is to be provided to us within one month of the Commencement Date or within one month of the date on which you first provide ARRC Pharmacy Services to an ARRC Service User in an ARRC Facility (other than an ARRC Facility you have previously informed us about).

## 7. Service linkages

---

You agree to have effective links with:

- (a) service providers and organisations specified in clause 7 of the service specification for Core Pharmacy Services in Schedule C1;
- (b) palliative care providers;
- (c) pain management services; and
- (d) the ARRC Providers of the relevant ARRC Facilities.

## 8. Exclusions

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Core Pharmacy Services and LTC Pharmacy Services are excluded from this service specification.

## 9. Quality requirements

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In addition to your obligations under the Quality Specifications in Part G of this Agreement, you must also make relevant Records available to our auditors of ARRC Providers, including any information required by those auditors in relation the medication profile of the relevant ARRC Service Users.

## 10. Purchase Units and reporting requirements

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### 10.1 Purchase Units

The following Purchase Units apply to ARRC Pharmacy Services.

Purchase Units are defined in the Ministry of Health's data dictionary and correspond to the relevant services and payment terms specified in Schedule H1.

PU ID	PU Short Name
PH1029	ARRC Pharmacy Services
PH1002	Extemporaneously Compounded Preparations Services
PH1004	Named Patient Pharmaceutical Assessment (NPPA) Services A (Pharmaceuticals on the Pharmaceutical Schedule)
PH1005	Named Patient Pharmaceutical Assessment (NPPA) Services B (Pharmaceuticals <i>not on</i> the Pharmaceutical Schedule)
PH1006	Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence)
PH1008	Pharmacy Clozapine Services (Monitored Therapy Medicine Services)
PH1010	Aseptic Pharmacy Services
PH1025	Sterile Manufacturing Services
PH1003	Special Foods Services

<b>PH1031</b>	Community Pharmacy Anti-coagulation Management Services
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You may claim for the following Services if these are listed in Schedule C1, Clause C2:

- Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services)
- Pharmacy Clozapine Services (Monitored Therapy Medicine Services)
- Aseptic Pharmacy Services
- Sterile Manufacturing Services
- Special Foods Services
- Community Pharmacy Anti-coagulation Management Services

## **10.2 Reporting requirements**

You agree to report information in accordance with the Pharmaceutical Transactions Data Specification, the Procedures Manual and the terms and conditions set out in this Agreement, including Part H.



## Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services)

### 1. Definition

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We wish to fund Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) that provide appropriate access to comprehensive, integrated and continuing alcohol and drug services guided by harm reduction philosophies.

### 2. Service objectives

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- (a) This service specification only relates to pharmacy services associated with methadone when it is prescribed for the treatment of opioid dependence. It does not cover services associated with the use of methadone when it is used for other indications such as pain.
- (b) The philosophy guiding Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) recognises that abstinence may be a long-term goal for most Service Users, but that it is legitimate for treatment service providers to work with Service Users who wish, without an abstinence goal, to make an established pattern of injecting, or other drug use, safer.
- (c) Both of us acknowledge that there are additional risk factors in terms of security and safety associated with this particular service. For this reason the provision of Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) is not compulsory under the terms of this Agreement. In the event that you choose not to provide this particular service, then it will not prejudice any other rights available to you under this Agreement, including your rights to provide other Services.

### 3. Service Users

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Approved methadone Service Users are Eligible Persons who are referred to your Pharmacy by methadone treatment services and by Prescribers authorised under the Misuse of Drugs Act 1975 to offer methadone for the treatment of opioid dependence.

### 4. Access

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You agree to provide Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) for a minimum of 5 days a week unless such period is affected by a public or statutory holiday. You will have written policies in place to demonstrate how Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) are to be provided to Service Users requiring “consume on premises” doses when you are not open. As a Provider of Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) you must ensure that Service Users have access to this service over weekends and public holidays where this may be required.

### 5. Service components

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#### 5.1 Processes

You agree to provide Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) in accordance with the following requirements:

- (a) this service specification for Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) should be read in conjunction with the relevant clauses in the service specification for Core Pharmacy Services and, in particular, must comply with clauses 6.1(a) to (e) of that service specification;
- (b) in addition, you agree to provide Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) in accordance with:

- (i) the protocol for community pharmacist dispensing of methadone as set out in Section 4 of the Opioid Substitution Treatment New Zealand Practice Guidelines 2008;
  - (ii) any protocol issued by the Ministry of Health that supersedes the Opioid Substitution Treatment New Zealand Practice Guidelines 2008; and
  - (iii) any written agreements you may develop with Service Users receiving Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) from your Pharmacy in accordance with the Opioid Substitution Treatment New Zealand Practice Guidelines;
- (c) Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) includes:
- (i) the provision of methadone pursuant to Prescription Forms issued by methadone treatment services or by authorised Prescribers;
  - (ii) supervision of the daily consumption of “consume on premises” methadone doses when your Pharmacy is open;
  - (iii) arrangements for the collection of “takeaway doses” for the days when your Pharmacy is closed and where these have been specifically requested by the Prescriber;
  - (iv) ensuring that all methadone Dispensed by you as “takeaway doses” is Dispensed in containers with safety caps according to your written policy;
  - (v) advice and assistance to the Service Users and Prescribers to enhance compliance with all concurrent prescribed medicines;
  - (vi) a written and implemented protocol which reflects how you liaise with methadone treatment services and prescribing general practitioners on a regular basis, in a manner appropriate to the needs of your Service Users. This could involve, among other things, communications about verification of doses, side-effects, complaints about Service Users and any difficulties arising.

## **5.2 Number of Service Users for Pharmacy Methadone Services for Opioid Dependence**

- (a) Subject to paragraph (b) below you may provide Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) to any number of Service Users on a regular basis.
- (b) You must not provide Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) from your Pharmacy to so many Service Users that you are unable to comply fully with the processes and safety requirements set out in clause 5.1 above, or with the other requirements of this Agreement. Both of us may agree on a maximum number of Service Users who may regularly access Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) from your Pharmacy, for that purpose.

## **5.3 Withdrawing from Pharmacy Methadone Services for Opioid Dependence**

- (a) You may withdraw from providing Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) by giving six months' written notice to us.
- (b) Under special circumstances we may agree to waive the six-month notice period to allow your immediate withdrawal from providing Pharmacy Methadone Services for Opioid Dependence, subject to us being assured by you that you have made reasonable endeavours to achieve arrangements with an alternative provider of Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) in your area to maintain a continuous pharmacy methadone service for opioid dependence.
- (c) You agree to notify the methadone treatment services and Prescribers authorised under the Misuse of Drugs Act 1975 to offer methadone for the treatment of dependence in your area of your intention to withdraw from this Service, the date that you will no longer be providing the Service from, and the alternative arrangements that you have made.
- (d) Your withdrawal from providing Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) under this clause 5.3 will not prejudice any other

rights available to you under this Agreement, including your right to provide other Services.

#### **5.4 Waiting times for Pharmacy Methadone Services for Opioid Dependence**

You agree that the waiting times for Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) will not exceed the following waiting times:

- (a) for existing approved Service Users: 95% of approved Service Users should be provided with the methadone dose within 15 minutes of arriving at the Pharmacy and within 30 minutes for all Service Users;
- (b) for newly approved Service Users: 95% of newly approved Service Users should be provided with the methadone dose within 30 minutes of arriving at the Pharmacy and within 2 hours for all Service Users, provided that all relevant documentation is satisfactory.

#### **5.5 Facilities and settings**

- (a) The Pharmacy from which you provide Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) must be licensed by the licensing authority under the Medicines Act 1981.
- (b) The provision of Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) is to be carried out in a private and confidential manner, which minimises the concerns of other Service Users.

### **6. Service linkages**

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You agree to have effective links with:

- (a) the service providers and organisations specified in clause 7 of the service specification for Core Pharmacy Services in Schedule C1; and
- (b) local alcohol and drug treatment services.

### **7. Exclusions**

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The following services are excluded from this service specification for Pharmacy Methadone Services for Opioid Dependence:

- a. the provision of needles and syringes as part of the needle syringe exchange scheme;
- b. Core Pharmacy Services (except as provided in clause 5.1 of this service specification);
- c. Pharmacy Clozapine Services;
- d. Aseptic Pharmacy Services;
- e. Special Foods Services;
- f. Sterile Manufacturing Services;
- g. ARRC Pharmacy Services;
- h. LTC Pharmacy Services; and
- i. Community Pharmacy Anti-coagulation Management Services.

### **8. Quality requirements**

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In addition to your obligations under the Quality Specifications in Part G, the following specific quality requirements also apply to Pharmacy Methadone Services for Opioid Dependence:

- (a) Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) must be provided by a Pharmacist;
- (b) all Staff that you employ to provide Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) must have appropriate qualifications, professional registrations and can demonstrate ongoing competency, all as defined by the New Zealand Pharmacy Council; and
- (c) you agree to facilitate Service Users' access to support and advocacy services in accordance with clause G6.6.

### **9. Purchase Units and reporting requirements**

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## **9.1 Purchase Units**

The Purchase Unit for Pharmacy Methadone Services for Opioid Dependence (Class B Controlled Drug Services) is the same as the Purchase Unit for Class B Controlled Drug Services in the service specification for Core Pharmacy Services. Purchase Units are defined in the Ministry of Health's data dictionary and correspond to the relevant services and payment terms specified in Schedule H1.

## **9.2 Reporting requirements**

You agree to report information in accordance with the Pharmaceutical Transactions Data Specification, the Procedures Manual and the terms and conditions set out in this Agreement, including Part H.

## Aseptic Pharmacy Services (including Syringe Driver Services)

### 1. Definition

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- (a) We wish to fund Aseptic Pharmacy Services to enable Eligible Persons appropriate access to these services. This service specification for Syringe Driver Services is specific to the preparation of any aseptic preparation (including syringe drivers for approved pumps).
- (b) It is intended that the preparation of Aseptic Pharmacy Services will enhance the palliative care provided to terminally ill and other Eligible Persons.
- (c) The service set out in this specification should not be taken as defining the limits of the role that Pharmacists could play in the future in terms of assisting with the management of palliative care Service Users.
- (d) The service is intended to ensure that any preparation requiring manufacture under aseptic conditions is covered by this specification.

### 2. Service objectives

---

We wish to fund Aseptic Pharmacy Services as part of an integrated community based health service that:

- (a) provides Service Users with the best quality and most cost-effective services, within the available funding, based on established professional and quality management standards and codes of practice;
- (b) provides specialist advice as required to ensure optimal Service User management; and
- (c) ensures Service User and Staff safety.

### 3. Service Users

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Service Users are Eligible Persons who:

- (a) choose to access Aseptic Pharmacy Services (including Syringe Driver Services) from your Pharmacy; and
- (b) are prescribed Pharmaceuticals requiring aseptic manufacture including syringes for use in a syringe driver, where the syringe driver is for use in their own home or in a private hospital or institution.

### 4. Access

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You agree to provide Aseptic Pharmacy Services for a minimum of 5 days a week unless such period is affected by a public or statutory holiday. You will use your best endeavours to ensure a level of access to Aseptic Pharmacy Services that meets the reasonable needs of your Service Users. This may include 24-hour access to Syringe Driver Services.

### 5. Service components

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#### 5.1 Processes

Aseptic Pharmacy Services include:

- (a) the processes specified in clauses 6.1(a) to (e) of the service specification for Core Pharmacy Services; and
- (b) preparation of aseptic preparations, which must adhere to the requirements of the current version of the *Health and disability services Standards – Pharmacy Services Standard* NZS 8134.7:2010 as amended from time to time. Compounding must follow established and validated methods of preparation and procedures.

## 5.2 Facilities and settings

- (a) The Pharmacy from which you provide Aseptic Pharmacy Services must be licensed by the licensing authority under the Medicines Act 1981 and registered with the Ministry of Health.
- (b) It is a requirement for the provision of Aseptic Pharmacy Services that the syringes must be prepared, at a minimum, in an approved still air box, in a Grade D air environment as defined in the New Zealand Code of Good Manufacturing Practice for Manufacture and Distribution of Therapeutic Goods or any other standards or guidelines specified by Medsafe, as amended from time to time.
- (c) Preparations requiring aseptic manufacturing conditions must have designated facilities with a minimum of Grade D air environment as outlined in the New Zealand Code of Good Manufacturing Practice for Manufacture and Distribution of Therapeutic Goods or any other standards or guidelines specified by Medsafe, as amended from time to time.

## 5.3 Waiting times for Services

- (a) You must Dispense:
  - (i) ninety-nine percent of Prescription Items for aseptic preparations (including syringe drivers) within 24 hours, if the relevant Prescription Form is presented during a Business Day; and
  - (ii) one hundred percent of Prescription Items for aseptic preparations (including syringe drivers) within two Business Days, if the relevant Prescription Form is presented during a Business Day.
- (b) You must maintain adequate stocks of all Pharmaceuticals to meet the above waiting time requirements.
- (c) Waiting times outside these requirements may be acceptable to us if there is mutual agreement reached between you and the Service User.
- (d) The waiting times in paragraph (a) above will not apply if a Prescription Item is for a Pharmaceutical that is not available in New Zealand at the time that you are presented with the Prescription.
- (e) We may specifically vary this clause, after negotiation with you, taking into account your particular supply arrangements.

## 6. Service linkages

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You agree to have effective links with:

- (a) service providers and organisations specified in clause 7 of the service specification for Core Pharmacy Services in Schedule C1;
- (b) palliative care providers;
- (c) pain management services; and
- (d) other services requiring the manufacture of aseptic preparations.

## 7. Exclusions

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The following Services are excluded from this service specification for Aseptic Pharmacy Services:

- a. Pharmacy Methadone Services for Opioid Dependence;
- b. Core Pharmacy Services (except as provided in clause 5.1 of this service specification);
- c. Pharmacy Clozapine Services;
- d. Special Foods Services;
- e. Sterile Manufacturing Services;
- f. Aseptic Pharmacy Services provided to Eligible People for the purposes of providing insulin or other Pharmaceuticals not for pain relief;
- g. ARRC Pharmacy Services;
- h. LTC Pharmacy Services; and
- i. Community Pharmacy Anti-coagulation Management Services.

## 8. Additional quality requirements

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In addition to your obligations under the Quality Specifications in Part G, the following specific quality requirements also apply to Aseptic Pharmacy Services:

- (a) You agree to facilitate Service Users' access to support and advocacy services in accordance with clause G6.6.
- (b) A qualified Pharmacist with suitable training, competencies and experience must provide the aseptic production operation. They must be validated on an annual basis and the training and validation must be recorded.

## 9. Purchase Units and reporting requirements

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### 9.1 Purchase Units

The following Purchase Unit applies to Aseptic Pharmacy Services.

Purchase Units are defined in the Ministry of Health's data dictionary and correspond to the relevant services and payment terms specified in Schedule H1.

PU ID	PU Short Name
PH1010	Aseptic Pharmacy Services

### 9.2 Reporting requirements

You agree to report information in accordance with the Pharmaceutical Transactions Data Specification, the Procedures Manual and the terms and conditions set out in this Agreement, including Part H.

## Sterile Manufacturing Services

### 1. Definition

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We wish to fund Sterile Manufacturing Services to enable Eligible Persons appropriate access to these services. This service specification for Sterile Manufacturing Services is specific to the preparation of eye drops and other products requiring sterile as distinct from aseptic manufacturing.

### 2. Service objectives

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We wish to fund Sterile Manufacturing Services as part of an integrated community based health service that:

- (a) provides Service Users with the best quality and most cost-effective services, within the available funding, based on established professional and quality management standards and codes of practice;
- (b) provides specialist advice as required to ensure optimal Service User management; and
- (c) ensures Service User and Staff safety.

### 3. Service Users

---

Service Users are Eligible Persons who:

- (a) choose to access Sterile Manufacturing Services from your Pharmacy; and
- (b) are prescribed Pharmaceuticals requiring sterile manufacture where a commercially available preparation is not available and where the product is for use in the Service User's own home or in a private hospital or institution.

### 4. Access

---

You agree to provide Sterile Manufacturing Services for a minimum of 5 days a week unless such period is affected by a public or statutory holiday. You will use your best endeavours to ensure a level of access to Sterile Manufacturing Services that meets the reasonable needs of your Service Users. This may include 24-hour access to Sterile Manufacturing Services.

### 5. Service components

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#### 5.1 Processes

Sterile Manufacturing Services include:

- (a) the processes specified in clauses 6.1(a) to (e) of the service specification for Core Pharmacy Services; and
- (b) preparation of sterile preparation, which must adhere to the requirements of the *Health and disability services Standards – Pharmacy services Standard NZS 8134.7:2010* specified as necessary by Medsafe. Compounding must follow established and validated methods of preparation and procedures.

#### 5.2 Facilities and settings

- (a) The Pharmacy from which you provide Sterile Manufacturing Services must be licensed by the licensing authority under the Medicines Act 1981 and be registered with the Ministry of Health.
- (b) It is a requirement for the provision of Sterile Manufacturing Services that the sterile preparations must be prepared, at a minimum, in a laminar flow cabinet or an isolator and that the room of preparation meets the *Health and disability services Standards – Pharmacy services Standard NZS 8134.7:2010* specified as necessary by Medsafe. This means the room air environment meets the Grade B requirements and the laminar



flow and isolator air environments are Grade A, as defined in these standards or any other standards or guidelines specified by Medsafe, as amended from time to time.

### 5.3 Waiting times for Services

- (a) You must Dispense:
  - (i) ninety-nine percent of Prescription Items for Sterile Manufacturing Services within 24 hours, if the relevant Prescription Form is presented during a Business Day;
  - (ii) one hundred percent of Prescription Items for Sterile Manufacturing Services within two Business Days, if the relevant Prescription Form is presented during a Business Day.
- (b) You must maintain adequate stocks of all Pharmaceuticals to meet the above waiting time requirements.
- (c) Waiting times outside these requirements may be acceptable to us if there is mutual agreement reached between you and the Service User.
- (d) The waiting times in paragraph (a) above will not apply if a Prescription Item is for a Pharmaceutical that is not available in New Zealand at the time that you are presented with the Prescription Form.
- (e) We may specifically vary this clause, after negotiation with you, taking into account your particular supply arrangements.

## 6. Service linkages

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You agree to have effective links with:

- (a) service providers and organisations specified in clause 7 of the service specification for Core Pharmacy Services in Schedule C1;
- (b) Baxter Healthcare Limited;
- (c) Biomed Limited;
- (d) Optimus Healthcare Limited; and
- (e) hospital pharmacies providing sterile services.

## 7. Exclusions

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The following Services are excluded from this service specification for Sterile Manufacturing Services:

- (a) Class B Controlled Drugs Services;
- (b) Core Pharmacy Services (except as provided in clause 5.1 of this service specification);
- (c) Pharmacy Clozapine Services;
- (d) Special Foods Services;
- (e) Aseptic Pharmacy Services;
- (f) ARRC Pharmacy Services;
- (g) LTC Pharmacy Services; and
- (h) Community Pharmacy Anti-coagulation Management Services.

## 8. Additional quality requirements

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In addition to your quality obligations under the Quality Specifications in Part G, the following specific quality requirements also apply to Sterile Manufacturing Services:

- (a) You agree to facilitate Service Users' access to support and advocacy services in accordance with clause G6.6.
- (b) A qualified Pharmacist with suitable training, competencies and experience must provide the sterile production operation. They must be validated on an annual basis and the training and validation must be recorded.

## 9. Purchase Units and reporting requirements

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### 9.1 Purchase Units

The following Purchase Unit applies to Sterile Manufacturing Services. Purchase Units are defined in the Ministry of Health's data dictionary and correspond to the relevant services and payment terms specified in Schedule H1.

PU ID	PU Short Name
PH1025	Sterile Manufacturing Services

### 9.2 Reporting requirements

You agree to report information in accordance with the Pharmaceutical Transactions Data Specification, the Procedures Manual and the terms and conditions set out in this Agreement, including Part H.

## Special Foods Services

### 1. Definition

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We wish to fund Special Foods Services to enable Eligible Persons appropriate access to Special Foods in a community setting.

### 2. Service objectives

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This service recognises the need for the provision of Special Foods Services through selected community Pharmacies to remove access barriers for Service Users requiring Special Foods.

### 3. Service Users

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Service Users are Eligible Persons who are prescribed any Special Foods.

### 4. Access

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#### 4.1 Minimising barriers to access

You agree to minimise any barriers to Service Users accessing Special Foods Services to the greatest extent possible.

#### 4.2 Opening hours

Special Foods Services must be available to Service Users at all times when your Pharmacy is open for normal business, subject to the conditions set out in clause 5.2 in the service specification for Core Pharmacy Services.

### 5. Service components

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#### 5.1 Processes

This service specification for Special Foods Services should be read in conjunction with the relevant clauses in the service specification for Core Pharmacy Services and, in particular, you must comply with clauses 6.1(a) to (e) of that service specification, where applicable.

#### 5.2 Facilities and settings

The Pharmacy from which you provide Special Foods Services must be licensed by the licensing authority under the Medicines Act 1981 and registered with the Ministry of Health.

#### 5.3 Support services

You agree to facilitate Service Users' access to support and advocacy services in accordance with clause G6.6.

### 6. Service linkages

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You agree to have effective links with:

- (a) service providers and organisations specified in clause 7 of the service specification for Core Pharmacy Services in Schedule C1;
- (b) Prescribers in your area who prescribe Special Foods; and
- (c) appropriate support groups for Service Users of Special Foods Services.

### 7. Exclusions

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The following services are excluded from this service specification for Special Foods Services:

- (a) Class B Controlled Drugs Services;
- (b) Core Pharmacy Services (except as provided in clause 5.1 of this service specification);
- (c) Pharmacy Clozapine Services;

- (d) Sterile Manufacturing Services;
- (e) Aseptic Pharmacy Services;
- (f) ARRC Pharmacy Services;
- (g) LTC Pharmacy Services; and
- (h) Community Pharmacy Anti-coagulation Management Services.

## 8. Additional quality requirements

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### 8.1 Additional requirements

The quality requirements set out in clauses 8.2 and 8.3 of this service specification are additional to your quality obligations under the Quality Specifications in Part G.

### 8.2 Acceptability

Special Foods Services must be provided from premises conforming to relevant standards issued by the Ministry of Health or Standards NZ.

## 9 Purchase Units and reporting requirements

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### 9.1 Purchase Units

The following Purchase Unit applies to Special Foods Services. Purchase Units are defined in the Ministry of Health's data dictionary and correspond to the relevant services and payment terms specified in Schedule H1.

PU ID	PU Short Name
PH1003	Special Foods Services

### 9.2 Reporting requirements

You agree to report information in accordance with the Pharmaceutical Transactions Data Specification, the Procedures Manual and the terms and conditions set out in this Agreement, including Part H.

## Community Pharmacy Anti-Coagulation Management Services

### 1. Definition

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This service specification relates to the anticoagulation management of Service Users on warfarin by an accredited community pharmacy service provider.

### 2. Service Objectives

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The overall objective of this Community Pharmacy Anti-coagulation Management Service is the provision of INR<sup>6</sup> point-of-care testing by community pharmacy, and the adjustment of warfarin doses within a defined range with the aid of an approved decision-support system.

The service aims to:

- (a) support Service Users and their families/whanau to better understand and manage their warfarin medication;
- (b) reduce warfarin-related adverse medication events;
- (c) improve accessibility and convenience for Service Users;
- (d) improve multidisciplinary management of Service Users prescribed warfarin in the community;
- (e) reduce the burden on Medical Practitioners; and
- (f) prioritise services to the following patient groups, where possible
  - People with venous access issues
  - People with poor attendance at the practice, or those the practice has difficulty contacting with the results of the INR test
  - People with reduced compliance and/or with reduced warfarin control
  - High needs patients / people with poor health literacy
  - People with mobility issues

### 3. Service Users

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To be eligible to receive Community Pharmacy Anti-coagulation Management Services Service Users must:

- (a) be referred by a Medical Practitioner who delegates point-of-care warfarin testing, dose adjustment and associated patient counselling to a community pharmacy service;
- (b) either:
  - (i) be taking warfarin medication; or
  - (ii) be requiring warfarin loading and initial stabilisation; or
  - (iii) be overlapping warfarin medication with low molecular weight heparin (LMWH);
- (c) be mobile and able to access Community Pharmacy Anti-coagulation Management Services; and
- (d) not be excluded from receiving Community Pharmacy Anti-coagulation Management Services under clause 7 of this service specification.

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<sup>6</sup> International Normalised Ratio

## 4. Access criteria

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### 4.1 Service User Access / Exit criteria

- (a) The Service User access criteria is as follows:
  - (i) The Service User is referred by a Medical Practitioner; and
  - (ii) The Service User consents to registration in the Community Pharmacy Anti-coagulation Management Service.
- (b) The Service User exit criteria are as follows:
  - (i) The Service User chooses to exit the Community Pharmacy Anti-coagulation Management Service, or leaves the district, or is managed by another Provider (e.g. another Pharmacy or in ARRC);
  - (ii) The Service User dies; or
  - (iii) The Service User is non-compliant and/or has not attended the Community Pharmacy Anti-coagulation Management Service.

The Provider must dis-enrol the Service User when any of these factors apply, or in the case of 4.1 (b)(ii) when the Provider is informed that the Service User has died, or is informed of this by our Payment Agent.
- (c) Unless otherwise agreed by the DHB the maximum number of Service Users registered per Pharmacy is 50. The provider will be formally notified of any change without the need for a formal variation.

### 4.2 Minimising barriers to access

You agree to minimise any barriers to Service Users accessing the Community Pharmacy Anti-coagulation Management Services to the greatest extent possible.

### 4.3 Opening hours

Community Pharmacy Anti-coagulation Management Services must be available to Service Users at all times when your Pharmacy is open for normal business, subject to the conditions set out in clause 5.2 in the service specification for Core Pharmacy Services and the availability of an accredited Pharmacist.

## 5. Service Components

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### 5.1 Processes

- (a) This service specification for Community Pharmacy Anti-coagulation Management Services should be read in conjunction with the relevant clauses in the service specification for Core Pharmacy Services and, in particular, you must comply with clauses 6.1(a) to (e) of that service specification, where applicable.
- (b) This Community Pharmacy Anti-coagulation Management Service involves:
  - (i) obtaining the consent of the Service User to be registered with the Pharmacy for this Community Pharmacy Anti-coagulation Management Service;
  - (ii) documenting Medical Practitioner consent to be involved in this Community Pharmacy Anti-coagulation Management Service and acceptance of the Community Pharmacy Anti-coagulation Management Service standing order;
  - (iii) undertaking Service User assessment each time the test is undertaken in order to establish the Service User's history and any symptoms, and if any Service User factors may influence the results (e.g. a missed dose of warfarin);
  - (iv) performing the INR test using a drop of blood on the test strip of an approved testing device using an approved decision support tool;
  - (v) dose adjustment made by the supervising Pharmacist supported by an approved decision support tool with a validated dosing algorithm supported by published data;
  - (vi) giving the Service User the results of the test and providing advice on the dose of warfarin to take each day until the next test as a hard copy dosing calendar;

- (vii) giving the Service User counselling and education about warfarin medication, when required, using an approved Warfarin Education Programme;
- (viii) electronically providing the Medical Practitioner with information on the results of the monitoring and changes to the warfarin regime;
- (ix) requesting medical review by the Service User's Medical Practitioner if any INR is <1.5 and >4.0;
- (x) contacting the Service User's Medical Practitioner directly if the Pharmacist is concerned about the Service User's symptoms, results, or the dose recommendation;
- (xi) keeping a full record of the Service User's care management plan as provided by the approved on-line decision support tool;
- (xii) undertaking quality assurance activities (refer to clause 8);
- (xiii) auditing anticoagulant management by regularly monitoring anticoagulant control of individual patients and cumulative results using approved decision support software;
- (xiv) auditing compliance for timeliness of testing in order to identify Service Users with compliance issues using the approved decision support software; and
- (xv) recording the incidence of adverse events (in particular the incidence of bleeding) including hospital admissions using the approved decision support software.
- (xvi) sending the results to a Laboratory Test Repository, if available, via Healthlink.

## 5.2 Facilities and Settings

The Pharmacy from which you provide Community Pharmacy Anti-coagulation Management Services must be licensed by the licensing authority under the Medicines Act 1981 and registered with the Ministry of Health.

## 5.3 Support Services

You agree to facilitate Service Users' access to support and advocacy services in accordance with clause G6.6.

## 6. Service Linkages

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- a) A strong professional relationship must be in place between the Medical Practitioner and Pharmacy/Pharmacist providing this Service.
- b) You will work within the framework of local anti-coagulation policies, procedures and referral processes.
- c) The Pharmacy must have the appropriate secure IT connection to allow electronic linkage with general practice.
- d) The Pharmacy must be involved in an organised system of external quality assurance (refer to Clause 8 – Additional Quality Requirements).

## 7. Exclusions

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- a) Service users without a general practitioner.
- b) Service users in an Aged Residential Care Facility (unless otherwise agreed by the DHB that Community Pharmacy Anti-coagulation Management Services may be provided in this setting).
- c) Service Users who have anti-phospholipid syndrome, anti-cardiolipid syndrome, lupus anticoagulant syndrome and/or receiving active anti-neoplastic treatment are excluded from receiving Community Pharmacy Anti-coagulation Management Services.

## 8. Additional Quality Requirements

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### 8.1 Additional requirements

The quality requirements set out in clauses 8.2, 8.3 and 8.4 of this service specification are additional to your quality obligations under the Quality Specifications in Part G.

## 8.2 Internal quality control

Each Community Pharmacy Anti-coagulation Management Service provider is required to undertake the following internal quality control activities:

- Deliver the Service as per the Standing Order, and undertake annual review to ensure pharmacists accredited to undertake the Service are operating according to the Standing Order
- Perform testing in line with the standard operating procedure
- Report on adverse events, anticoagulant control and patient compliance in each quarterly monitoring report
- Ensure internal quality control testing on the INR Monitoring device is performed in line with the recommended procedure (a code chip is supplied by the manufacturer to regularly calibrate the machine)

## 8.3 External quality assurance

The provider must be involved with an organised system of external quality assurance e.g. NEQAS<sup>7</sup>, RCPA<sup>8</sup> or other external quality assurance programme, for example with the local laboratory. As an additional quality check the provider may compare test results on selected Service Users.

## 8.4 Acceptability

- (a) Community Pharmacy Anti-coagulation Management Services must be provided from premises that conform to relevant standards issued by the Ministry of Health or the Pharmaceutical Society.
- (b) A particular requirement for delivery of this Community Pharmacy Anti-coagulation Management Service is access to a private area within the Pharmacy for testing and counselling.
- (c) Quarterly Community Pharmacy Anti-coagulation Management Service evaluation will be undertaken to determine quality outcomes and measures as measured against goals predetermined by the Ministry of Health or the Pharmaceutical Society.

## 9. Qualified Provider

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In order to be a qualified provider for Community Pharmacy Anti-coagulation Management Services:

- (a) the Pharmacists undertaking this Community Pharmacy Anti-coagulation Management Service have a current Annual Practising Certificate without restrictions; and
- (b) at least two pharmacists per site have attended an accredited Community Pharmacy Anti-coagulation Management Services training course, and are accredited to undertake Community Pharmacy Anti-coagulation Management Services. NB One of the two pharmacists can be part-time, or a locum. If there is a particular reason this is not able to be achieved, for example the pharmacist is a sole operator, the DHB must be satisfied the Provider can guarantee safety and quality of the service in the event of unexpected absence or leave; and
- (c) accredited Pharmacists must be re-certified biennially.

## 10. Safety

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- (a) The Medical Practitioner retains overall responsibility for the Service User's management, but delegates that care to the Pharmacist through a standing order.
- (b) You will work within the framework of local anti-coagulation policies, procedures and referral processes.
- (c) Only accredited Pharmacists trained by an approved Community Pharmacy Anti-coagulation Management Services training course are able to provide this Community Pharmacy Anti-coagulation Management Service.

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<sup>7</sup> National External Quality Assessment Service (United Kingdom)

<sup>8</sup> The Royal College of Pathologists of Australasia (Australia)



- (e) The Pharmacist is responsible for the quality assurance programme that ensures the test device is providing reliable results (refer to the Quality Requirements in Clause 8).

## 11. Purchase Units and Reporting Requirements

### 11.1 Purchase Units

The following Purchase Unit applies to Community Pharmacy Anti-coagulation Management Services. Purchase Units are defined in the Ministry of Health's data dictionary and correspond with the relevant services and payment terms specified in Schedule H1.

PU ID	PU Short Name
PH1031	Community Pharmacy Anti-coagulation Management Service

### 11.2 Reporting Requirements

- (a) Each Service User needs to have an accurate NHI number recorded.
- (b) You agree to report information in accordance with the Pharmaceutical Transactions Data Specification, the Procedures Manual, and the terms and conditions set out in this Agreement including Part H.
- (c) You will be advised of any additional reporting requirements. From time to time NHI level data will be requested for more detailed analysis.

### 11.3 Quarterly Reporting

Quarterly reporting will be provided to us as follows using an agreed reporting template:

Reporting Period	Report Due
1 July – 30 September	20 October
1 October – 31 December	20 January
1 January – 31 March	20 April
1 April – 30 June	20 July

Quarterly Report	
Quarterly Summary	Number of Service Users registered by NHI with the Community Pharmacy Anti-coagulation Management Service in the quarter (i.e. active patients plus new patients minus patients who have exited the Community Pharmacy Anti-coagulation Management Service)
	Average number of INR tests per quarter
	Documentation of Key Performance Indicators <ul style="list-style-type: none"> <li>- Compliance (Tests on time, 1-3 days, 4-7 days, 7+ days)</li> <li>- Control (Tests in range, tests above, tests below)</li> <li>- Adverse events (Total recorded bleeds, Total recorded hospital admissions)</li> </ul>
	A brief narrative report outlining progress implementing the service in this quarter, and any issues experienced.

Send reporting to: [performance\\_reporting@moh.govt.nz](mailto:performance_reporting@moh.govt.nz)

Performance Reporting Team  
 Sector Services  
 Ministry of Health  
 Private Bag 1942  
 Dunedin 9054

## Pharmacy Clozapine Services (Monitored Therapy Medicine Services)

### 1. Definition

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- (a) This service specification for Pharmacy Clozapine Services only relates to pharmacy services associated with the provision of clozapine and the blood test monitoring and recording of dispensing associated with this medicine.
- (b) The service set out in this service specification should not be taken as defining the limits of the role that Pharmacists could play in the future in terms of assisting with the management of mental health Service Users in the community.
- (c) Because of the association of clozapine with neutropenia, granulocytopenia, agranulocytosis and other adverse events, pharmacies providing this service are required to undertake an active role in monitoring, recording and interpreting the results of blood tests. Where required you will be proactive in referring Service Users to Prescribers or, if appropriate, to the liaison person agreed with the Prescriber.

### 2. Service objectives

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- (a) The philosophy guiding Pharmacy Clozapine Services is the funding of more and better mental health services in order to achieve the Government targets in mental health. Pharmacy Clozapine Services are specifically targeted towards the objective of improving access to the atypical antipsychotics and in this case to clozapine.
- (b) Prescribers and pharmacies will play appropriate roles in the safe provision of clozapine. The purpose is to ensure that Pharmacists are able to support Service Users taking clozapine appropriately and reflects best practice for the management of this pharmaceutical. This will be achieved by providing an adequate control and review framework, within the following broad areas:
  - (i) Your responsibilities are, prior to the supply of Clozapine, to:
    - (A) obtain and monitor full blood count test results for each Service User, at all Dispensings;
    - (B) liaise, in respect of each Service User, with the applicable pharmaceutical company who supplies the relevant brand of clozapine, which is listed in the Pharmaceutical Schedule and is being Dispensed to that Service User, to update and maintain complete individual patient records; and
    - (C) liaise with Prescribers, as appropriate, in the monitoring and interpretation of blood results.  
  
Primary responsibility for interpretation of the blood results and authorisation of treatment with clozapine will continue to sit with the Prescribers.
  - (ii) You will maintain:
    - (A) a record of feedback of concerns about individual Service Users;
    - (B) a communication process with individual Prescribers; and
    - (C) will record the Dispensing of clozapine on the supplier website.

### 3. Service Users

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Service Users are Eligible Persons who are prescribed clozapine.

### 4. Access

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#### 4.1 Minimising barriers to access

You must minimise any barriers to Service Users accessing Pharmacy Clozapine Services to the greatest extent possible.

#### 4.2 Opening hours

Pharmacy Clozapine Services must be available to Service Users at all times when your Pharmacy is open for normal business, subject to the conditions set out in clause 5.2 in the service specification for Core Pharmacy Services.

### 5. Service components

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#### 5.1 Processes

- (a) The Pharmacy Clozapine Services specification should be read in conjunction with the relevant clauses in the service specification for Core Pharmacy Services and, in particular, must comply with clauses 6(a) to (e) of that service specification where applicable.
- (b) In addition, Pharmacy Clozapine Services must be provided in accordance with the Protocol for the Dispensing of Clozapine by Community Pharmacies that we have provided to you and which is set out in Schedule C2.
- (c) You must be familiar with the requirements set out in the following documents that are provided to you by us:
  - (i) the New Zealand Guidelines for the Use of Atypical Anti-Psychotic Drugs (2<sup>nd</sup> Edition, September 1998) and any subsequent versions of this document which are approved by the Ministry of Health; and
  - (ii) relevant sections of our local DHB hospital provider protocols for the use of clozapine.
- (d) You must also be familiar with the adverse reactions, side effects and interactions that can occur with clozapine.

#### 5.2 Services included

Pharmacy Clozapine Services include:

- (a) receiving and monitoring blood test results;
- (b) liaising with and referring to Prescribers and/or liaison persons agreed with the Prescriber;
- (c) discussing with the Service User or their caregiver, significant matters, in accordance with clause 6.1(b) of the service specification for Core Pharmacy Services, including:
  - (i) emphasising the importance of compliance with their medication;
  - (ii) setting out the requirement to consult Prescribers immediately at the first signs of a cold, influenza, sore throat or any other infection;
  - (iii) re-emphasising the importance of having blood tests on the day that they are due; and
  - (iv) explaining the importance of safe storage for clozapine; and
- (d) the maintenance of additional Records associated with Pharmacy Clozapine Services. This includes updating of the Clozapine supplier website with the date of any dispensing carried out.

#### 5.3 Referral processes

If there is evidence that:

- (a) blood monitoring requirements are not being complied with; or
- (b) blood results are abnormal; or
- (c) a Service User is not registered with a blood monitoring programme run by the relevant pharmaceutical supplier,

then you are responsible for consulting with the Prescriber. In these circumstances you must carry out the instructions of the Prescriber in relation to the provision of Pharmacy Clozapine Services, which may include withholding previously prescribed Pharmaceuticals.

#### 5.4 Facilities and settings

The Pharmacy from which you provide Pharmacy Clozapine Services must be licensed by the licensing authority under the Medicines Act 1981 and registered with the Ministry of Health.

## 5.5 Support services

You agree to facilitate Service Users' access to support and advocacy services in accordance with clause G6.6.

## 6. Service linkages

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You agree to have effective links with:

- (a) service providers and organisations specified in clause 7 of the service specification for Core Pharmacy Services in Schedule C1;
- (b) secondary mental health services;
- (c) community mental health services; and
- (d) the relevant pharmaceutical supplier's (or other pharmaceutical industry) clozapine co-ordinator.

## 7. Exclusions

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- (a) The following services are excluded from this service specification for Pharmacy Clozapine Services:
  - (i) Core Pharmacy Services (except as provided in clause 5.1 of this service specification);
  - (ii) Class B Controlled Drugs Services;
  - (iii) Aseptic Pharmacy Services;
  - (iv) Special Foods Services;
  - (v) Sterile Manufacturing Services (including eye drops);
  - (vi) ARRC Pharmacy Services
  - (vii) LTC Pharmacy Services; and
  - (viii) Community Pharmacy Anti-coagulation Management Services.
- (b) The provision of extra compliance packaging, being a quantity that exceeds the packaging provided with clozapine by the supplier, will not be reimbursed as part of this service specification for Pharmacy Clozapine Services.

## 8. Additional quality requirements

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### 8.1 Additional requirements

The quality requirements set out in clauses 8.2 to 8.5 of this service specification are additional to your quality obligations under the Quality Specifications in Part G and the Protocol for Supply of Clozapine set out in Schedule C2, as updated by us from time to time.

### 8.2 Requirement for provision of Pharmacy Clozapine Services

- (a) Clozapine must only be provided once a satisfactory blood result has been received.
- (b) Prescription Forms for clozapine must be written by a qualified Prescriber.
- (c) You acknowledge and agree that prescribing and Dispensing clozapine is subject to restrictions issued by the Ministry of Health, including the requirement for blood monitoring.

### 8.3 Qualified provider

- (a) In order to be a qualified provider for Pharmacy Clozapine Services you must:
  - (i) have read this service specification for Pharmacy Clozapine Services and the Protocol for the Dispensing of Clozapine by Community Pharmacies set out in Schedule C2;
  - (ii) be able to fully comply with the Protocol for the Dispensing of Clozapine by Community Pharmacies;
  - (iii) ensure that relevant Staff have completed the questionnaire on the dispensing of clozapine and submitted it to the relevant pharmaceutical supplier; and

- (iv) ensure that relevant Staff have attended regular training at least annually, and record that this has occurred. The training package and records must be available for audit purposes.
- (b) The ability to be able to comply with the requirement in sub-paragraphs (iii) and (iv) above is dependent on the questionnaire and training session being developed and made available at pharmacy level.

#### 8.4 Key Inputs

Pharmacy Clozapine Services:

- (a) must only be provided by a suitably qualified Pharmacist. To meet this requirement, a Pharmacist must comply with the requirements specified in clause 8.3 (a) (i) and (ii) and complete the questionnaire, training and annual validation sessions and recording, detailed in clause 8.3(a) (iii) and (iv) where these are available at pharmacy level; and
- (b) cannot be transferred, assigned or subcontracted pursuant to clauses M2 and M4 without our prior written consent.

#### 8.5 Safety

You are responsible for the management of Pharmacy Clozapine Services at all times.

### 9. Purchase Units and reporting requirements

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#### 9.1 Purchase Units

The following Purchase Unit applies to Pharmacy Clozapine Services. Purchase Units are defined in the Ministry of Health's data dictionary and correspond to the relevant services and payment terms specified in Schedule H1.

PU ID	PU Short Name
PH1008	Pharmacy Clozapine Services (Monitored Therapy Medicine Services)

#### 9.2 Reporting requirements

You agree to report information in accordance with the Pharmaceutical Transactions Data Specification, the Procedures Manual and the terms and conditions set out in this Agreement including Part H.

## Schedule C2. Clozapine Dispensing Protocols

### Protocol for the Dispensing of Clozapine by Community Pharmacies

The aim of this protocol is to ensure the safe Dispensing of clozapine and that appropriate processes are in place for the monitoring of blood results. This protocol may be updated by us from time to time in consultation with you and/or your representative body.

#### 1. Dispensing Clozapine

##### 1.1 Dispensing of Clozapine

On receipt of a Prescription Form for clozapine.

##### 1.2 Check patient details

If the Service User is a new patient, obtain the following information:

- (a) name of Service User and/or caregiver;
- (b) address;
- (c) contact telephone numbers;
- (d) NHI (required to access the blood monitoring database);
- (e) date of birth (DOB);
- (f) Community Services Card (CSC) status;
- (g) High Use Health Card (HUHC) status;
- (h) Prescriber's name and contact telephone number;
- (i) name of liaison person agreed with Prescriber together with contact telephone numbers (if appropriate);
- (j) community mental health team that the Service User is under together with contact telephone numbers (if appropriate);
- (k) current dosage of clozapine;
- (l) other prescribed and over the counter medications;
- (m) date and result of the most recent blood test;
- (n) due date for next blood test;
- (o) name of laboratory where blood test results can be obtained from together with contact telephone numbers;
- (p) base line blood test (i.e. test prior to and within 7 days of commencing clozapine treatment). Available from the supplier(s) of clozapine or an agent thereof; and
- (q) stage in treatment, (i.e. how many weeks has the patient been receiving clozapine). Available from the supplier(s) of clozapine or an agent thereof.

Record this information on a file for each Service User (see section 3 below).

##### 1.3 Check the patient is registered with the supplier(s) of clozapine.

This may be achieved by contact with the supplier(s) of clozapine or an agent thereof either:

- (a) by accessing their database; or
- (b) by contacting them directly.

This is to safeguard against Dispensing clozapine to Service Users who have been excluded from treatment with clozapine because of a previous incidence of agranulocytosis, hypersensitivity reactions or other medical and clinical conditions.

Prescribers are responsible for registering the Service User with the relevant supplier(s) or agent thereof but the Pharmacist must check this has in fact been done. If the Service User

does not appear to be registered with the relevant supplier(s) or agent thereof, inform the Prescriber or, if appropriate, the liaison person agreed with the Prescriber. The Pharmacist is required to enter the date of any Dispensing on the website for a complete record to be available to all providers.

**Do not dispense clozapine to unregistered Service Users.**

1.4 Check that the Prescription Form is written by an authorised Prescriber.

- (a) The Ministry of Health has directed that clozapine may only be prescribed by:
  - (i) Prescribers who are vocationally registered under the HPCA Act and certified as competent in the branches of psychological medicine or psychiatry by the Medical Council of New Zealand; and
  - (ii) registrars in psychological medicine or psychiatry who are under the supervision of persons of the kind referred to in sub-clause (i) above.
- (b) You are required to check that the Prescriber is either a specialist or registrar in psychological medicine or psychiatry. You will be provided with a list of the appropriate registrars in your area.

1.5 Check blood test results

No clozapine prescriptions are to be Dispensed unless a satisfactory blood test result is available. (See process for blood test monitoring which is outlined in section 2 below).

1.6 Quantity of clozapine that may be Dispensed

- (a) Clozapine will generally be Dispensed in lots of 7, 14 or 28 days as dictated by the frequency of blood monitoring or the date of the next blood test.
- (b) The quantity of clozapine Dispensed must not exceed that which is required to take the patient from the date of Dispensing to the date of the next blood test.
- (c) Where the date of the blood test coincides with the date of Dispensing then the following applies:
  - (i) for Service Users in the first 18 weeks of treatment then you must only Dispense a sufficient quantity of clozapine for 7 days; and
  - (ii) for Service Users having blood tests at 4 weekly intervals then you must only Dispense a sufficient quantity of clozapine for 28 days.
- (d) Where the date of the blood test precedes the date of Dispensing then the quantity of clozapine Dispensed should only be sufficient to take the Service User up to the date of their next blood test.
- (e) For Service Users in the first 18 weeks of treatment with clozapine and where the date of most recent blood test precedes the date of Dispensing by 2 days (48 hours) then you must only Dispense a sufficient quantity of clozapine for 5 days.
- (f) For Service Users having blood tests at 4 weekly intervals and where the date of the most recent blood test precedes the date of Dispensing by 2 days (48 hours) then you must only Dispense a sufficient quantity of clozapine for 26 days.

1.7 Interval between blood test and Dispensing

Dispensing should generally take place within 24 - 72 hours of the date of the most recent blood test for the relevant Service User. This requirement may vary according to the hospital or health service protocol that applies in your locality. You may need to customise procedures for your Pharmacy accordingly.

1.8 Maximum supply is limited to 28 days

In relation to the Dispensing of clozapine, one month's supply = 28 days. This is to regularise the period of Dispensing with the blood testing regime and to avoid the involvement of weekends.

1.9 Record information regarding Dispensing on patient files

Information must include the following:

- (a) Dispensing date;
- (b) total daily dosage;
- (c) number of days supplied;

(d) date when next supply is due.

1.10 Label the container

Apply Cautionary and Advisory labels 1 and 9:

- (a) label 1 states that “*This medicine may make you sleepy and make it dangerous to drive or operate machinery. **Limit alcohol intake.***”;
- (b) label 9 states “*Do not stop taking this medicine without consulting your doctor.*”.

1.11 Patient advice and counselling

- (a) Discuss with the individual Service User for whom the prescription is issued or with the carer of such Service User essential advice and counselling on the directions for safe and effective use of clozapine. Advice and counselling must be given in accordance with the requirements of clause 6.1(b) in the service specification for Core Pharmacy Services. In this particular case, in addition you should discuss the:
  - (i) importance of compliance;
  - (ii) requirement to consult their Prescriber immediately at the first signs of a cold, influenza, sore throat or other infection;
  - (iii) importance of having their next blood test on the day it falls due;
  - (iv) importance of safe storage for clozapine.
- (b) You must also inform the Service User or their caregiver where a reduced quantity of clozapine has been supplied to coincide with the date of the next blood test.

1.12 Record and monitor the next Dispensing date

Record the Service User’s name and the date of the next Dispensing in the clozapine diary. Check the clozapine diary daily and follow up on any Service Users who have not had clozapine Dispensed by contacting the Prescriber or, if appropriate, the liaison person agreed with the Prescriber.

1.13 Arrangements for collection or delivery

Put aside for collection, or arrange for delivery where this is required.

## 2. Blood Test Monitoring

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**Check that a satisfactory blood test is available for the relevant Service User before Dispensing clozapine.**

2.1 Obtaining blood test results

- (a) Blood results may accompany the Prescription Form. A copy of an official laboratory reporting form may be attached to the Prescription Form.
- (b) Blood results may be written on the actual Prescription Form in the Prescriber’s own handwriting. Check that the results are the latest blood test results for that Service User and that the date of the test is annotated on the Prescription Form.
- (c) Blood results may be obtained direct from the laboratory. In this case a copy of the results must be faxed to the Pharmacy for verification.
- (d) Blood results may be obtained directly from an appropriate electronic clinical data repository (such as Test Safe or the blood monitoring database monitored by the supplier(s) of clozapine (or an agent thereof)) where the Pharmacy has access to such an electronic data repository.

2.2 Definition of a recent blood test

As a general guide the most recent blood test results should not be older than 24 - 72 hours at the time of Dispensing clozapine. This time frame may vary according to hospital and health service protocol applying in your locality. You may need to customise your Pharmacy’s procedures.

2.3 No blood test is available

If no applicable blood results are available then a blood test should be requested through the Prescriber. Clozapine should not be Dispensed until a satisfactory blood result is obtained. Dispense only as advised by the Prescriber.



#### 2.4 Record blood test results

Information on blood tests should be entered on a separate record sheet for each Service User. The following information should be recorded:

- (a) date of blood test;
- (b) white blood cell count (WBC);
- (c) neutrophil count; and
- (d) date when the next blood test is due.

#### 2.5 If laboratory results are normal

Dispense a sufficient quantity of clozapine as required to take the Service User up to the date of their next blood test. You will need to refer to the instructions on the Prescription Form and also to the Dispensing requirements for clozapine which are outlined in section 1 above.

#### 2.6 Determining the date of the next blood test

- (a) For Service Users in the first 18 weeks of treatment with clozapine, the date of the next blood test will be 7 days from the last test.
- (b) For Service Users having tests at 4 weekly intervals then the date of the next blood test will be 28 days (4 weeks) from the last test.
- (c) As a general guide the monitoring frequency is reduced to 4 weekly intervals after the first 18 weeks if no abnormalities are detected. This may vary so please refer to the hospital and health service protocol applying in your area.
- (d) Monitoring of blood at 4 weekly intervals should remain in place as long a clozapine treatment continues. More frequent monitoring is required whenever blood tests indicate borderline results.

#### 2.7 IF THE LABORATORY RESULTS ARE ABNORMAL

If the WBC falls below  $3.5 \times 10^9/L$  ( $<3500\text{mm}^3$ ) for a Service User in the first 18 weeks of therapy, **or** below  $3.0 \times 10^9/L$  ( $<3000\text{mm}^3$ ) for a Service User beyond the first 18 weeks **and/or** neutrophil count falls below  $2.0 \times 10^9/L$  ( $<2000\text{mm}^3$ ) for a Service User in the first 18 weeks of therapy, **or** below  $1.5 \times 10^9/L$  ( $<1500\text{mm}^3$ ) for a Service User beyond the first 18 weeks **or** **either** have dropped by a substantial amount from the baseline. A substantial drop is defined as a single drop of  $3.0 \times 10^9/L$  or more in the WBC. **and/or** there are any signs or symptoms of infection occurring

**THEN DO NOT DISPENSE CLOZAPINE.**

**YOU MUST CONSULT THE PRESCRIBER.**

- (a) Patients may need to have a differential white blood cell test.
- (b) Dispense only as instructed by the Prescriber.
- (c) Notify the relevant supplier(s) or agent thereof in cases where treatment with clozapine is withheld.
- (d) Patients in whom clozapine has been discontinued for haematological reasons must not be re-exposed to the medicine.

### 3. Service User Information Records

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- (a) Every Service User receiving clozapine should have a separate file. These should be kept in alphabetical order and in a secure location within the dispensary of your Pharmacy.
- (b) The information that should be kept on each Service User's file shall include the following:
  - (i) Service User details (as referred to in section 1.2 above);
  - (ii) copies of blood test results from laboratories, kept in order according to date;
  - (iii) recording sheets for blood test results and Dispensing details; and
  - (iv) delivery details.

- (c) All actions undertaken in association with the collection, retention and disclosure of health information about a patient receiving clozapine must comply with statutory requirements.
- (d) The supplier Clozapine website needs to be updated with the date of Dispensing each time this occurs.

#### **4. Special Circumstances**

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(a) Missed Doses

If you become aware that clozapine therapy has been interrupted and that a Service User has missed more than 2 days of treatment then the Pharmacist must notify the Prescriber.

Treatment should be re-initiated using the original dose titration schedule. It is important that the first few doses are low. However it may be possible to titrate upwards more quickly than was the case when clozapine was initially begun.

(b) Extended supply

In exceptional circumstances, e.g. public holidays, the period of supply may be extended by 1 or 2 days. This will only be carried out after consultation with the Prescriber.

The maximum quantity of clozapine that can be Dispensed at one time must not exceed 28 days supply.

(c) Replacement doses

If a Service User loses their supply of clozapine you must contact the Prescriber. The Prescriber may decide to issue another Prescription Form. Document the situation on the Service User's file. Annotate on the Prescription Form that the medication was lost. The amount Dispensed must only be enough to carry the Service User through until the date of their next blood test. Keep in mind the potential risks if this medicine is being hoarded.

(d) Prescriber is not available

In the event that the Prescriber cannot be contacted some of the following actions may be useful:

- (i) try to obtain an alternative contact for the Prescriber (e.g. cell phone number);
- (ii) contact the medical practitioner who is standing in for the Prescriber;
- (iii) contact the liaison person agreed with the Prescriber; and
- (iv) contact the Mental Health Service which the Service User is under. Ask to speak to either the psychiatric registrar or house surgeon on call or the key worker/case manager where appropriate.

(e) Patients admitted to hospital

If you become aware that the Service User is admitted to hospital at any stage during treatment this matter should be noted on the Service User's file and it may be useful for you to contact the hospital pharmacy to confirm the Service User's clozapine treatment record.

After the Service User has been discharged it may be useful to question the Service User or their caregiver whether they have any clozapine which is surplus to their requirements and encourage them to return it to the Pharmacy for destruction.

## **Part H. Payment for Services and Pharmaceuticals, claiming procedure and payment terms**

### ***Payment for Services and Pharmaceuticals***

#### **H1 Payment for Services and Pharmaceuticals**

##### **H1.1 Payment for Services**

- (a) You must claim, and we will pay you, for having provided the Services according to the terms and conditions of this Agreement, including the payment terms set out in Schedule H1, subject to any further requirements, rules and procedures relating to claiming and payment as set out in this Part H.
- (b) You must claim for the provision of Core Pharmacy Services and/or Specific Pharmacy Services and/or for providing Pharmaceuticals that are Dispensed to Service Users receiving LTC Pharmacy Services by submitting the relevant Claim Items as part of a Claim. You may not claim for the provision of Core Pharmacy Services to Service Users who were, at the Dispensing date for which you are claiming, registered with you as receiving LTC Pharmacy Services. Notwithstanding anything else in this paragraph (b), you shall only claim for providing Pharmaceuticals that are Dispensed to Service Users receiving Core Pharmacy Services by submitting the relevant Claim Items as part of a Claim. You need not claim any Service Fee associated with providing Core Pharmacy Services, as these Service Fees will be paid to you as set out elsewhere in this Agreement.
- (c) On the seventh Business Day of each month you will automatically be paid Service Fees for providing LTC Pharmacy Services (including Pharmacy High Needs Adherence Management (PHAM) Services as applicable) to Service Users during that month (and the previous month if a Service User was registered with you to receive LTC Pharmacy Services after the cut-off date for payment in the previous month). This shall be automatically calculated by us using the number of Service Users you have registered as receiving LTC Pharmacy Services (including Pharmacy High Needs Adherence Management (PHAM) Services) from you or your agent for that month, determined as at the cut-off date and time to be determined by CPSOG, and notified by us to you. Unless otherwise notified, the first cut-off date will be the last day of every month, commencing 28 February 2013.
- (d) On the first Business Day of each month you will automatically be paid a Transition Payment in relation to a month that falls within the transition period in which you will be providing Services to Service Users.

##### **H1.2 Payment for Pharmaceuticals**

You may claim, and we will pay you, for the Pharmaceuticals Dispensed by you pursuant to this Agreement according to the subsidies listed in the Pharmaceutical Schedule, as at the date of Dispensing, subject to any further requirements, rules and procedures relating to claiming and payments as set out in this Part H and Schedule H1.

##### **H1.3 Goods and Services Tax**

- (a) All prices or other amounts payable under this Agreement are quoted exclusive of GST, unless this Agreement expressly provides otherwise.
- (b) All payments under this Agreement will be made inclusive of GST, unless this Agreement expressly provides otherwise.
- (c) All Claims must comply with the Goods and Services Tax Act 1985.

## **H1.4 Claim Certification**

All Claim Items submitted by you or on your behalf must be accompanied by a certification (in the form approved by us or Sector Services, from time to time) as to the truth and accuracy of the claim and that the provisions of this Agreement have been complied with by you prior to the submission of the claim. The certification must be dated and personally signed by you or approved by you and signed on your behalf. Claims will not be accepted for payment unless certification is complete. In this regard:

- (a) certification of manual claims shall be made on the coversheet submitted with each prescription batch;
- (b) certification of electronic (diskette) claims must be affixed to the disk submitted containing the claim;
- (c) electronic submission of an online or web-based claim shall be by use of the electronic signature and key assigned to each Pharmacist operating from a Pharmacy (which key they shall each individually be responsible for keeping confidential). Use of an electronic signature and key assigned to each Pharmacist operating from a Pharmacy shall be deemed to be the equivalent of personally signing the certification.

## **H1.5 Application of provisions to Negative A3 or J3 Transactions**

For the purpose of this Part H and Schedule H1 of the Agreement:

- (a) an initial Prescription Item that forms part of any Negative A3 or J3 Transaction shall not be considered to be an "initial item" or an "initial prescription item" where such phrases are used in this Part H and Schedule H1, except where used in clause H27.1; and
- (b) Handling Fees (multiplied by the applicable Handling Fee Multiplier) and Service Fees that are forecast to be, or do, form part of a Negative A3 or J3 Transaction calculation will not be deducted when calculating the Forecast Monthly Transition Pool and Actual Monthly Transition Pool or from the Annual Funding Envelope.

For the avoidance of doubt, this clause shall override in the event of any inconsistency with any other provision in this Part H or Schedule H1.

## ***Claiming procedure***

## **H2 Your ability to claim for payment**

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### **H2.1 Basis of payment**

You may claim payment from us on the basis of the payment terms set out in Schedule H1 for the Services and the Pharmaceuticals if you have provided the Services and the Pharmaceuticals in accordance with the requirements of:

- (a) the Pharmaceutical Schedule;
- (b) the Pharmaceutical Transactions Data Specification;
- (c) the Procedures Manual;
- (d) the LTC Pharmacy Services Protocol; and
- (e) this Part H.

### **H2.2 Reliance on Information from Prescribers**

For the purposes of this Agreement and, in particular, for the purposes of submitting a claim under Part H, you may rely on the information you receive from a Prescriber unless you have reason to believe such information is incorrect.

## **H3 Claiming generally**

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### **H3.1 Claim Period**

There are four Claim Periods in a single calendar month, commencing on the:

- (a) first day of a single calendar month and ending on the 7th day of that calendar month (the **First Claim Period**);
- (b) 8th day of a single calendar month and ending on the 15th day of that calendar month; (the **Second Claim Period**);
- (c) 16th day of a single calendar month and ending on the 23rd day of that calendar month (the **Third Claim Period**); and
- (d) 24th day of a single calendar month and ending on the last day of that calendar month (the **Fourth Claim Period**).

### **H3.2 Due Date for Claim**

Subject to clause H9, in order for us to meet our payment obligations under clause H12, any Claim you make for payment must be submitted so that we receive it by the Due Date.

### **H3.3 LTC Pharmacy Services Fee Claim**

- (a) LTC Pharmacy Services Fees will be paid and based on the registration information submitted by you to the national register.
- (b) Payment of LTC Pharmacy Services Fees will not be made to you in relation to a Service User registered with you as receiving LTC Pharmacy Services if you have not Dispensed any Pharmaceuticals to that Service User within the last 120 days.

## **H4 Charges to Service Users**

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### **H4.1 Eligible Persons**

Where you provide Services or Pharmaceuticals to Eligible Persons you may only charge Eligible Persons for the Services or Pharmaceuticals they receive, in accordance with this clause H4.

### **H4.2 Persons Not Eligible**

Where you provide Services or Pharmaceuticals to persons who are not Eligible Persons you are not entitled to claim payment from us in relation to the provision of those Services or Pharmaceuticals. You may charge and recover from, or on behalf of, those persons the cost to you of providing those Services or Pharmaceuticals. Where you have claimed for Services or Pharmaceuticals provided to persons who are not Eligible Persons, clause H5.2 will apply.

### **H4.3 Determining and collecting Co-payments, Pharmacy Charges and Product Premiums**

You are responsible for:

- (a) determining the correct Co-payments, Pharmacy Charges and Product Premiums, as applicable, that a Service User is required to pay for the Services provided or Pharmaceutical Dispensed; and
- (b) charging and collecting from the Service User, the correct Co-payments, Pharmacy Charges and Product Premiums, as applicable, for the Services provided or Pharmaceutical Dispensed; and
- (c) promoting, recording and issuing Pharmaceutical Subsidy Cards to eligible Service Users,

in accordance with the requirements and procedures set out in the Procedures Manual, Pharmaceutical Schedule and the Health Entitlement Cards Regulations 1993, as applicable and as amended from time to time. The Pharmaceutical Schedule overrides the Procedures Manual in the event of a conflict.

### **H4.4 Co-payments**

- (a) You may charge a Service User a Co-payment (where a subsidy applies) for providing the Services and Dispensing Pharmaceuticals, as set out in the Procedures Manual, Pharmaceutical Schedule, and the Health Entitlement Cards Regulations 1993, as applicable, depending on the Eligible Person's age and his or her CSC, PSC and HUHC status. The Pharmaceutical Schedule overrides the Procedures Manual in the event of a conflict. If a Co-Payment is not collected in full or in part, we will nevertheless calculate payments payable to you under Schedule H1 on the basis that the full patient Co-payment has been received from the Service User.

- (b) You agree not to charge a Service User a Co-payment in those circumstances where an exemption is identified as applying, as provided for in the Pharmacy Procedures Manual.
- (c) You agree to charge a Service User only one Co-payment where the Service User receives more than one flavour of the same type of Special Food listed in the Oral Supplements/Complete Diet section of the Pharmaceutical Schedule.
- (d) Both of us acknowledge and agree that where a Service User does not pay a Co-payment in relation to a Prescription Item that Prescription Item is not eligible for inclusion in the PSC scheme.

#### H4.5 Product Premiums

- (a) If the price of a Pharmaceutical charged by its manufacturer is more than the subsidy set out in the Pharmaceutical Schedule for that Pharmaceutical, then you may charge a Service User a Product Premium for the difference between the manufacturer's price and the subsidy, plus any mark-up, in addition to any Co-payments in accordance with clause H4.4.
- (b) If a Service User is prescribed a Pharmaceutical that incurs a Product Premium you must inform the Service User if there is a fully subsidised Pharmaceutical on the Pharmaceutical Schedule that is an alternative to the Pharmaceutical that he or she has been prescribed.

#### H4.6 Pharmacy Charges

- (a) Subject to clause H4.4 (Co-payments) and clause H4.5 (Product Premiums), you may not charge a Service User any amount (whether characterised as "voluntary" or not) in connection with the provision of Services and Dispensing of Pharmaceuticals except in those circumstances that are specified in the Permitted Pharmacy Charges Rules. Notwithstanding the previous sentence, you may charge an amount, at your discretion, if the Pharmaceutical prescribed is collected by the Service User from your Pharmacy outside of ordinary business hours (unless you have contracted with us to provide after hours services as part of the "zero fees for under 13s" scheme). For the purpose of this clause H4.6(a), "ordinary business hours" means 8 a.m.-6 p.m. on Monday to Friday excluding Saturday and Sunday and public holidays that are **recognised in our DHB's geographical area**.
- (b) "Pharmacy Charges" means those amounts that you are permitted to charge a Service User pursuant to clause H4.6(a).
- (c) The Permitted Pharmacy Charges Rules will be reviewed by, or on behalf of, the 20-DHB Collective on a quarterly basis. The Contract Group will make recommendations to the DHBs on the detail of proposed new rules and proposed changes to existing rules, and the 20-DHB Collective will consider those recommendations in the course of its review.
- (d) You acknowledge and agree that your obligations under clause H4.6(a) constitute a material obligation for the purposes of Part O of this Agreement.
- (e) For the avoidance of doubt, you may not charge a Service User:
  - (i) any charge that is intended to, or has the effect of, spreading the costs of circumstances described in the Permitted Pharmacy Charges Rules across Service Users more generally, provided that this sub-clause (i) does not prevent you from applying a standard "intervention" charge for any or all of those circumstances described in the Permitted Pharmacy Charges Rules instead of charging different time-based amounts to the Service User in question on each occasion; or
  - (ii) any other amount not expressly permitted by the Permitted Pharmacy Charges Rules.
- (f) Where a Pharmacy Charge is applicable, you agree to inform the Service User of the amount of, and reason for, the Pharmacy Charge and explain how he or she may avoid or reduce the Pharmacy Charge, before the Services and Pharmaceuticals are provided.
- (g) Notwithstanding any other provisions of this clause H4.6, you agree that your Pharmacy Charge for services provided pursuant to relevant circumstances described in the Permitted Pharmacy Charges Rules will in any event be fair and reasonable. You must provide Service Users with a rational explanation of the reasons for, and the amount of, any Pharmacy Charge you are proposing to charge or have charged, including providing reasonable supporting evidence if the Service User requests. If

requested (including as part of any Audit under Part J of this Agreement), you must also provide us with a rational explanation of the reasons for, and amounts of, any Pharmacy Charges you are proposing to charge or have been charging Service Users, including providing reasonable supporting evidence if requested.

#### **H4.7 Provision of Information to Eligible Persons**

Where you are responsible for the collection of Co-payments, Pharmacy Charges and Product Premiums, you will make information regarding all Co-payments, Pharmacy Charges and Product Premiums accessible and publicly known by displaying such information or reference as to how to obtain such information prior to Dispensing where it can be easily sighted by a Service User or Service User's agent.

#### **H4.8 Receipts for Pharmaceuticals**

- (a) You agree to provide Service Users with a receipt for any prescribed Pharmaceutical provided which is subsidised. This receipt must give the name of the Pharmaceutical, and the cost to the Service User for the provision of the Pharmaceutical. A receipt must be provided in the same format as set out in the Procedures Manual, or if this is not possible, in a format approved by the Community Pharmacy Services Operational Group (CPSOG).
- (b) For the avoidance of doubt, we do not require you to provide Service Users with a receipt when providing any prescribed Pharmaceutical which is not subsidised.

### **H5 Claiming allowances and restrictions**

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#### **H5.1 Services must have been provided in New Zealand**

You may not claim, and we will not pay you, for Services you have delivered to any Eligible Person who was not in New Zealand at the time the Services were provided to them.

#### **H5.2 Services provided to non-Eligible Persons**

If you have claimed for Services or Pharmaceuticals provided to a person who is not an Eligible Person, we will withhold or recover payment for those Services or Pharmaceuticals provided to that person where it is apparent from the Prescription Form or otherwise known to you that the person was not an Eligible Person.

#### **H5.3 Pharmaceuticals prescribed by non-eligible Prescribers**

If you have claimed for Services or Pharmaceuticals provided pursuant to a Prescription Form from a Prescriber who is not eligible to prescribe those Pharmaceuticals, we will withhold or recover payment for those Services or Pharmaceuticals where it is apparent from the Prescription Form or otherwise known to you that the Prescriber was not eligible to prescribe those Pharmaceuticals.

### **H6 Cost or volume shifting and unnecessary Dispensing**

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#### **H6.1 No cost or volume shifting**

- (a) You must not knowingly be a party to any arrangement that results in us effectively having to pay you more than once for the provision of the same Services in respect of a Prescription Item for a Service User. This includes claiming for the provision of Core Pharmacy Services to a Service User who is registered with your Pharmacy as receiving LTC Pharmacy Services.
- (b) In respect of Services not involving the Dispensing of Prescription Items, you must not knowingly be a party to any arrangement that results in us effectively having to pay you more than once for the provision of the same Services to the same Service User on the same occasion.
- (c) Unless otherwise agreed, neither of us will operate in a way that shifts costs or volumes between Services that would result in additional costs to either of us, other than for reasons of good clinical practice.

#### **H6.2 Further Clarification**

Without limiting the generality of clause H6.1, you must not:

- (a) claim payment from us for having delivered any Service which you have carried out for any Provider who is contracted to provide us with that Service;
- (b) refer to any Provider any Service which you have been contracted to provide to us under this Agreement, or any other Agreement you have with us, including referring a Service User who is registered with you to receive LTC Pharmacy Services to that Service Provider where that Provider will provide Core Pharmacy Services to that Service User, unless otherwise expressly permitted under this Agreement. For the avoidance of doubt, this clause does not apply if you need to make an onward referral in an emergency situation where you are unable to provide urgently needed medication;
- (c) act in a way that enables you to claim or recover payment more than once under this Agreement, or any other Agreement you have with us, for providing the same Service.

### **H6.3 No unnecessary Dispensing**

You must not act in any way that increases your revenue from us artificially, whether through Dispensing Pharmaceuticals more frequently than is necessary or otherwise. For the avoidance of doubt, your obligation under this clause H6.3 constitutes a material obligation for the purposes of Part O.

### **H6.4 Compliance advice**

Where you are uncertain whether any activity you are engaging in, or proposing to engage in, is prohibited by this clause H6, you may seek clarification from us or our agent and we will provide advice to you on the matter.

## **H7 Form of claim and information to be provided**

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### **H7.1 Format and information**

You must submit each Claim in accordance with the technical data specifications and information requirements set out in the Pharmaceutical Transactions Data Specification and in accordance with the information requirements set out in the Procedures Manual. The Pharmaceutical Transactions Data Specification overrides the Procedures Manual in the event of any conflict. We will provide you with a copy of the Pharmaceutical Transactions Data Specification.

### **H7.2 Prescriber information**

- (a) In respect of each Claim Item you submit under this Agreement, you must include the Prescriber's health professional code and registration number, being:
  - (i) Medical Council of New Zealand (**MCNZ**) number; or
  - (ii) Nursing Council of New Zealand number; or
  - (iii) Midwifery Council of New Zealand number; or
  - (iv) Dental Council of New Zealand number; or
  - (v) other registration number, as applicable,where this number is provided on the Prescription Form you receive or where you have already received the Prescriber's registration number previously.
- (b) Where a Claim has less than 90% of the health professional codes and registration numbers on Claim Items (excluding Supply Orders), the Claim will be rejected in accordance with clause H8.1. Our Payment Agent will notify you of the percentage of health professional codes and registration numbers in respect of the Claim Items in your last Claim within one month of the Commencement Date.

### **H7.3 Service User's information**

- (a) In respect of each Claim Item you submit under this Agreement, from 1 February 2013, you must include the Service User's NHI number.
- (b) Where you receive a NHI number on a Prescription Form that is different from the NHI you already have for that Service User, you will use the NHI number on that Prescription Form unless you know that NHI to be incorrect in which event you will use the correct NHI number for that Service User.



#### **H7.4 Information required for LTC Pharmacy Services Service User Claims, ARRC Pharmacy Services Service User Claims and CRC Pharmacy Services Service User Claims**

- a) In respect of each Claim you submit under this Agreement, where Claims are in the following categories, you must provide the NHI number of each Service User, as applicable, as at the date of the Claim:
  - (i) LTC Pharmacy Services (including Pharmacy High Needs Adherence Management (PHAM) Services);
  - (ii) ARRC Pharmacy Services; and
  - (iii) CRC Pharmacy Services.
- b) From 1 March 2013, you must also provide the DoB of each Service User in respect of all claims covered in clause H7.4(a) above.

#### **H7.5 Electronic claiming**

You must submit each Claim by electronic means that we permit, in accordance with the technical data specifications and information requirements set out in the Pharmaceutical Transactions Data Specification and any other guidelines issued by us or our Payment Agent, from time to time following consultation with you.

#### **H7.6 Changes to content and form**

We both commit to streamlining and updating the claiming requirements set out in the Procedures Manual and the Pharmaceutical Transactions Data Specification, as appropriate.

#### **H7.7 Change to address**

We may change the physical or electronic address for the submission of Claims on ten Business Days' written notice.

### **H8 Rejection of Claim**

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#### **H8.1 Rejection of Claim**

We reserve the right to reject any Claim or part Claim where we believe on reasonable grounds that you have submitted incomplete or inaccurate information or where you have not complied with claiming restrictions or requirements. Where you have submitted a Claim by the Due Date, we will notify you that your Claim or a part of your Claim has been rejected, where applicable, and the reason for it prior to the commencement date of the next Claim Period.

#### **H8.2 Resubmission of Claim**

- (a) Notwithstanding clauses H8.1, you may resubmit a Claim or part Claim, duly corrected. Where such a Claim results in you owing money to us, we may recover that money in accordance with clause H17.
- (b) Where you have corrected and resubmitted a Claim:
  - (i) before the Final Due Date, you will be paid in accordance with clause H12(c);
  - (ii) after the Final Due Date, the Claim will be treated as a late Claim under clause H9 and, if applicable, will be paid in accordance with clause H12(d).
- (c) We both agree that an adjustment amount may be paid under this Agreement from time to time. For the purposes of this clause H8.2, an adjustment amount is an amount agreed between you and our Payment Agent or determined by us, that is to be recovered in respect of an overpayment or reimbursed in respect of an underpayment.

### **H9 Late Claim Items**

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#### **H9.1 Time limit for receiving Claim Items**

Subject to clauses H9.2 and H9.3, all Claim Items must be received by us:

- (a) within three months after the date when the Pharmaceutical is Dispensed; or
- (b) where the claim is for a Service Fee for providing LTC Pharmacy Services, the LTC Service Fee Claim will be made as early as the Second Claim Period but no later than the Fourth Claim Period prior to the month for which you will be providing LTC Pharmacy Services. Failure to submit an LTC Service Fee Claim by the required date

does not absolve you from your obligations under this Agreement to provide LTC Pharmacy Services where that Service User remains eligible to receive the service, has received at least one current prescription item from you and still wishes to receive such services from you.

#### **H9.2 Submission out of time**

Where you have failed to submit or resubmit a Claim Item (provided it is for more than \$20.00) by the applicable Final Due Date, you may submit it out of time together with a written explanation of the reason for the delay. This explanation must be submitted to us and copied to our Payment Agent. Where, in our reasonable opinion, you have established reasonable grounds for late submission, we will consider that Claim Item for payment.

#### **H9.3 No submission after six months**

In no circumstances will any Claim Item submitted or resubmitted more than six months after the date of the Service, qualify for payment.

### **H10 Verification of Claim Item**

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#### **H10.1 Substantiation of Claim Item**

We may require you to substantiate any Claim Item within 15 Business Days of giving you written notice to that effect.

#### **H10.2 Submission of Prescriptions**

- (a) All original Prescription Forms, NRT Exchange Cards, Bulk Supply Orders and Practitioner's Supply Orders associated with any Claim for payment must be submitted in batches to Sector Services.
- (b) Each batch must fully substantiate the Claim and Claim Items submitted by you or on your behalf and must be filed in order of the Date of Dispensing within the batch and then by the unique transaction number.
- (c) Each batch must be accompanied by a batch record sheet (in the form approved by Sector Services from time to time) which is to be completed in full, dated and personally signed by you or approved by you and signed on your behalf.
- (d) Variances between the original Prescription and the computer record or supply must be clearly annotated on the Prescription Form for clarification.

#### **H10.3 Date for submission of Prescriptions**

- (a) Claims submitted manually by a Provider must be accompanied by the prescription batch.
- (b) If you submit Claims electronically you may retain prescription batches for up to five months following the Date of Dispensing. If any batch is not received by Sector Services after six months following the Date of Dispensing a warning letter may be sent by us or our agent to you requesting that the batch be forwarded. If the batch is not received by Sector Services within 30 days of the date of the warning letter then Sector Services may withhold funding from you for an amount equivalent to the total money claimed in the batch or batches Sector Services has not received. Funding may be withheld until the batch or batches are received by Sector Services.

## ***Payment terms***

### **H11 Our obligation to pay**

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(a) Subject to paragraph (c) below, we agree to pay you for the Pharmaceuticals and for providing the Services in accordance with the claiming rules and procedures set out in clauses H2 to H10 and on the payment terms set out in clauses H11 to H18. Such payment shall be deemed to have been made on behalf of the Service User in respect of whom the payment was made.

(b) If you have:

- (i) committed a breach of clause H4.6 of this Agreement; or

- (ii) failed to report and provide information in accordance with the Pharmaceutical Transactions Data Specification, the Procedures Manual, and the terms and conditions set out in this Agreement,

and we intend to exercise our right under paragraph (c) then:

- (iii) we will give you 30 days' notice of our intention to withhold payment in accordance with clause H11(c); and
- (iv) we will both make ourselves available to discuss with one another, within that 30 day period, any issues relating to your failure to comply with clause H4.6 or the reporting and provision of information requirements (as applicable).

If you do not cease breaching clause H4.6(a) or remedy your failure to comply with the reporting and provision of information requirements (as applicable) within the 30 day period, then such payments may be withheld by us in accordance with paragraph (c) until such time as compliance occurs.

(c) We may withhold the following amounts under this Agreement for each of the following defaulting actions that you commit:

- (i) if you have committed a breach of clause H4.6 of this Agreement, we may withhold up to 5% of all Service Fees payable under clauses H28.2 and H28.3 that are or become due to you subsequent to our becoming aware of your breach;
- (ii) if you fail to report and provide information in accordance with the Pharmaceutical Transactions Data Specification, the Procedures Manual, and the terms and conditions set out in this Agreement, including Part H and any variations to this Agreement, we may withhold up to 5% of all Service Fees payable under clauses H28.2 and H28.3 that are or become due to you subsequent to our becoming aware of your failure.

(d) A payment withheld under clause H11(c) will be paid to you if you are found to have complied with clause H4.6 or the reporting and provision of information requirements (as applicable) as an outcome of the dispute resolution process in Part K.

(e) Notwithstanding clause K2.4(b), you agree that you will continue to provide Services in the event we exercise our right to withhold payment in accordance with this clause H11.

(f) We both agree that the withholding rights specified in this clause H11 are our non-exclusive remedies in the event of a breach of clause H4.6 or the reporting and provision of information requirements (as applicable), and in no way limit any of our other rights and remedies available under this Agreement or existing at law, in equity, or otherwise now or after the date of termination or expiry this Agreement.

## H12 Payment time frames

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### (a) Payment Date

The Payment Date means:

- (i) in respect of a Transition Payment, or in respect of Service Fees for providing Core Pharmacy Services or LTC Pharmacy Services (excluding Service Fees covered by clause H12(a)(ii)), the first Business Day of each month;
- (ii) in respect of LTC Pharmacy Services Fees and Pharmacy High Needs Adherence Management (PHAM) Services Fees payments, the seventh Business Day of each month;
- (iii) in respect of the First Claim Period, the 28th day of that calendar month;
- (iv) in respect of the Second Claim Period, the 5th day of the following calendar month;

- (v) in respect of the Third Claim Period, the 12th day of the following calendar month; and
- (vi) in respect of the Fourth Claim Period, the 20th day of the following calendar month,

provided that where the 5<sup>th</sup>, 12<sup>th</sup>, 20<sup>th</sup> or 28<sup>th</sup> day of the relevant month, as applicable, is not a Business Day, then the Payment Date shall be the first Business Day following the 5<sup>th</sup>, 12<sup>th</sup>, 20<sup>th</sup> or 28<sup>th</sup>, as applicable.

**(b) Payment of LTC Pharmacy Services Fees and Pharmacy High Needs Adherence Management (PHAM) Services Fees**

- (i) We will automatically pay you LTC Pharmacy Services Fees and Pharmacy High Needs Adherence Management (PHAM) Services Fees (as applicable) on the applicable Payment Date as described in clause H1.1(c).
- (ii) Where a Service User has been registered to receive LTC Pharmacy Services or Pharmacy High Needs Adherence Management (PHAM) Services for the first time after the notified cut off date as referred to in Clause H1.1(c), and for whom LTC Pharmacy Services and/or Pharmacy High Needs Adherence Management (PHAM) Services will be provided from that date of registration, the first payment we make to you the following month will also include an additional payment from and including the date that you registered that Service User with you to receive LTC Pharmacy Services or Pharmacy High Needs Adherence Management (PHAM) Services, on a pro-rata basis for the initial part-month.
- (iii) Where a Service User ceases to be registered with you as receiving LTC Pharmacy Services or Pharmacy High Needs Adherence Management (PHAM) Services during a month, but you have already received the relevant LTC Pharmacy Services Fee and/or Pharmacy High Needs Adherence Management (PHAM) Services for that Service User, we, or our Payment Agent on our behalf, may use our power of set-off under clause H17 to recover (on a pro-rata basis) the Service Fee amount that we, or our Payment Agent on our behalf, paid you for providing LTC Pharmacy Services and/or Pharmacy High Needs Adherence Management (PHAM) Services. This will be recovered from you from the date the Service User ceased to be registered as receiving LTC Pharmacy Services or Pharmacy High Needs Adherence Management (PHAM) Services (as applicable).

**(c) Payment of Claim after Due Date**

Where a Claim Item is not submitted or resubmitted by the Due Date applicable to that Claim Item but is submitted or resubmitted before the Final Due Date, we will pay you for that Claim Item no later than the Payment Date for the next Due Date that arises.

**(d) Payment of a late Claim Item**

Where a Claim Item is not submitted or resubmitted by the Final Due Date but has been accepted by us under clause H9, we will pay you for that Claim Item no later than the next Payment Date specified in this clause H12 (a)(iii) to (vi) above.

**(e) Payment of Transition Payment**

We will automatically pay you a Transition Payment the applicable payment Date.

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## **H13 Form of payment**

We will pay you by lodging funds into the bank account that you specify in Schedule N1. You may change the bank account into which your funds are to be lodged on ten Business Days' prior written notice to us.

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## **H14 Payment variations**

Where we believe on reasonable grounds that a Claim is partially valid and partially invalid, we will pay you for the valid portion only and reject the invalid portion.

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## **H15 Overpayment**

- (a) If you fail to provide all or part of the Services for which we have paid you under this Agreement or if, for any other reason, we have overpaid you for the Pharmaceuticals or for having delivered the Services, we may determine the reasonable amount that you must repay to us.
- (b) We will notify you of any overpayment and may accompany such notice with notice of our intention to invoke our right of set-off under clause H17.

## **H16 Default Interest on late payment**

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### **H16.1 Our Ability to charge Default Interest**

- (a) Subject to clauses H16.3 and H16.5, where you do not pay any amount due to us under this Agreement we, or our Payment Agent on our behalf, may charge you interest from the date payment was due until the amount due is paid (**Default Interest**).
- (b) Where you owe us any amount as a result of our, our Payment Agent's or PHARMAC's error in relation to a payment, the due date for the payment of this amount will be one month after our written notice to you. We, or our Payment Agent on our behalf, may use our power of set-off under clause H17 to recover this amount.
- (c) Where you owe us any amount as a result of your error in relation to a Claim, the due date for repayment will be the next Payment Date after we give written notice to you requiring repayment. We, or our Payment Agent on our behalf, may use our power of set-off under clause H17 to recover this amount.

### **H16.2 Your ability to charge Default Interest**

- (a) Subject to clauses H16.3 and H16.5, where we do not pay any amount due to you under this Agreement you may charge us Default Interest from the date payment was due until the amount due is paid.
- (b) Where we owe you any amount as a result of our, our Payment Agent's or PHARMAC's error in relation to a payment, Default Interest will be calculated from the Payment Date on which the amount was due.
- (c) Where we owe you any amount as a result of your error in relation to a Claim, the due date for payment will be one month after your notice to us. For the purpose of this clause reasonable forecast errors in the calculation of the advanced forecast Transition Payment will not constitute an error for the purpose of claiming Default Interest provided the calculation follows the forecast process as agreed by the Community Pharmacy Services Operational Group.

### **H16.3 Ability to charge Default Interest on amounts of \$50 or less**

Subject to clause H16.5, where either of us owes the other any amount of \$50.00 or less under this Agreement, no Default Interest will be payable unless that amount is still due three months after the Payment Date, in which case the party owed may charge the other Default Interest from the date payment is due until the amount due is paid.

### **H16.4 Rate of Default Interest**

The Default Interest rate will be 2 percentage points per annum above the average New Zealand dollar 90 day bank bill rate (rounded up to the nearest second decimal place as appearing at 11:00 or as soon as practicable after that time on the relevant day on page BKBM of the Reuters screen (or its successor or equivalent page), and will be calculated on a daily basis.

### **H16.5 Notice of intention to charge**

In order for the due party to claim, and the defaulting party to be liable to pay, the Default Interest, the due party must give written notice to the defaulting party and the Payment Agent of its intention to claim Default Interest within 30 days after the date payment was due. Where you, or your representative agent on your behalf, provide such notice, we will not be liable to make any payment of Default Interest unless you or your representative agent includes in any written notice to us:

- (a) your name (as shown on the cover of this Agreement);
- (b) the Agreement Reference Number;
- (c) your payee number;

- (d) the DHB that you are contracted with (i.e. us);
- (e) the details of the payment that the Default Interest relates to.

## **H17 Set-off**

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### **H17.1 Power of set-off**

Where you owe us any amount under this Agreement, or any previous Agreement between us, including:

- (a) in the case of overpayment under clause H15; or
- (b) where you are obliged to indemnify us under clause N3,

we may set that amount off against any amount that we owe to you at any time, after we have given you written notice of our intention to do so.

### **H17.2 Set-off deemed to be payment**

Where we exercise the power of set-off conferred by clause H17.1 you will be deemed to have made payment to us to the extent of the set-off.

## **H18 Payment agents**

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We both acknowledge that Sector Services is our agent and is responsible for receiving Claims and making payments on our behalf (the **Payment Agent**). We will ensure that our Payment Agent has the information necessary to carry out its functions, including information on any changes to the payment terms set out in Schedule H1.

## **H19 Access to Records**

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We will allow you or, with your permission, your agent access to a copy of any relevant records regarding you that are kept by us (including any records of the volume of Dispensed Pharmaceuticals claimed by you) in order for you to review the payments that we have made to you under this Agreement, provided that:

- (a) you must provide us with written notice if you wish to access any such records;
- (b) we will agree (such agreement not to be unreasonably withheld) the:
  - (i) nature of the information to be provided to you under this clause H19 so as not to cause an unreasonable burden for us; and
  - (ii) time frame for providing such information;
- (c) where a request under this clause H19 causes a direct cost or an unreasonable burden to us then we may charge you a cost for providing this information.

## **H20 Dispute over payment**

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If a dispute arises under this Agreement in respect of whether we have paid you the correct amount for the Services that you have provided or the Pharmaceuticals you have Dispensed, this dispute will be determined in accordance with the procedures set out in Part K of this Agreement.

## **H21 Claiming for Multiple Pharmacies**

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### **H21.1 Claiming for Multiple Pharmacies**

Subject to clauses H21.2 and 21.3, you may not provide Services under this Agreement, nor claim payment from us for providing such Services, from more than one Premises, unless we agree in writing that, and have specified the terms on which, you may provide and claim for any Services in accordance with the terms of this Agreement from more than one Premises.

### **H21.2 Satellite Premises**

You may operate from one main Premises with one satellite Premises, provided that both of the Pharmacies comprising the main and satellite Premises:

- (a) are owned by the single legal entity or natural person that has entered this Agreement with us;
- (b) are each a licensed Pharmacy, and each operate only from that licensed Premises;

- (c) provide Services only in our DHB's geographical area;
- (d) comply with all of the terms and conditions of this Agreement when providing the Services;
- (e) submit all Claims for Services provided at either of the Pharmacies in a single Claim that shall be managed by the main Pharmacy; and
- (f) comply with the requirements in this Agreement for Dispensing Class B Controlled Drug Prescription Items, and in particular shall not Dispense repeat Prescription Items from a Premises other than the Premises that received and Dispensed the Class B Controlled Drug from the original Prescription.

### **H21.3 Main Pharmacy responsibilities**

- (a) Prior to the submission of the first Claim for Services provided from the satellite Pharmacy you shall notify our Payment Agent in writing of the existence and location of the satellite Pharmacy and confirm that its Claims for payment for Services shall be made pursuant to this Agreement.
- (b) The database from which Claims are generated must be retained at the licensed Premises of the main Pharmacy. However contributions to the database information by the satellite Pharmacy must be readily identifiable and auditable.
- (c) The main Pharmacy will be responsible for meeting the Claim certification requirements of clause H1.4 of the Agreement at the time of Claim submission.
- (d) A single prescription batch in support of each Claim must be submitted by the main Pharmacy in accordance with the requirements specified in the Agreement. Each batch must fully substantiate the Claim and Claim Items submitted by both the main Pharmacy and the satellite Pharmacy and must be filed in order of the Date of Dispensing within the batch.

## **H22 Transition Payments<sup>9</sup>**

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### **H22.1 Annual Funding Envelope and Transition Pool**

#### **(a) Annual Funding Envelope and Monthly Funding Envelope**

- (i) During the transition period, payments by DHBs to all Providers will collectively come out of a fixed Annual Funding Envelope, which will also be used to calculate the Transition Payments payable to you and Transition Payments payable to all other Providers.
- (ii) The Annual Funding Envelope will be further divided into a Monthly Funding Envelope. The value of the Monthly Funding Envelope will be based on a seasonally adjusted percentage of the Annual Funding Envelope.
- (iii) The amount of the Monthly Funding Envelope available for your Transition Payment and for each Transition Payment payable to all other Providers is called the Transition Pool and will be calculated in accordance with clause H22.1(b).

#### **(b) Monthly Transition Pool**

For the purpose of calculating the Transition Payment payable to you and the transition payments payable to all other Providers, the Monthly Transition Pool is calculated in the following two stages:

##### **(i) Forecast Monthly Transition Pool**

The Forecast Monthly Transition Pool is calculated by subtracting the following payments from the Monthly Funding Envelope:

- (A) total Forecast quality incentive payments and payments for Community Pharmacy Anti-coagulation Management Services and forecast payments for brand switching in that month, for all Providers;
- (B) total Forecast Handling Fees and Service Fees for providing Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services) in that month, for all Providers;

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<sup>9</sup> Transition payments are no longer paid as the transition period is now over.

- (C) total Forecast Handling Fees and Service Fees for providing LTC Pharmacy Services (including Pharmacy High Needs Adherence Management (PHAM) Services) in that month, for all Providers; and
- (D) total Forecast Handling Fees and Service Fees for providing Core Pharmacy Services in that month, for all Providers.

All forecasts used in sub-paragraphs (A) to (D) above will be generated using a methodology agreed by the CPSOG and communicated to you prior to payment being made.

**(ii) Actual Monthly Transition Pool**

The Actual Monthly Transition Pool is calculated by subtracting the following payments from the Monthly Funding Envelope:

- (A) total actual quality incentive payments and payments for Community Pharmacy Anti-coagulation Management Services and actual payments for brand switching in that month, for all Providers;
- (B) total actual Handling Fees and Service Fees for providing Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services) in that month, for all Providers;
- (C) total actual Handling Fees and Service Fees for providing LTC Pharmacy Services (including Pharmacy High Needs Adherence Management (PHAM) Services) in that month, for all Providers; and
- (D) total actual Handling Fees and Service Fees for providing Core Pharmacy Services in that month, for all Providers.

In all cases, (A) to (D) above actual payments will include all valid claims less credits plus resubmissions dispensed in the transition period being calculated plus valid claims less credits plus resubmissions relating to prior periods not previously included in transition payments.

## **H22.2 Dispensing Ratio**

- (a) For the purpose of clause H22.3, your Dispensing Ratio will be provided by us to you in writing.
- (b) Your Dispensing Ratio is a key feature of the transition to the new service and funding model. Your Dispensing Ratio is used as part of the calculation of the share of the Monthly Transition Pool to which you are entitled. The transitional funding arrangements are designed to allow the transition funding to be allocated in an equitable manner among all Providers and to provide you time in which to adapt your practices to a patient centred service approach.

**(c) Calculation of Dispensing Ratio**

- (i) Unless clause H22.2(c)(ii) or (iii) applies, your Dispensing Ratio will have been calculated as follows:
  - (A) by counting all the Initial Item Dispensed by you, and in the case of a transfer or restructure of your business, that of your predecessors, in the 2011 calendar year excluding methadone Dispensed during this period. Items Dispensed as part of supply orders or which attract no Government subsidy will also be excluded;
  - (B) by counting all the Prescription Items Dispensed by you, and in the case of a transfer or restructure of your business, that of your predecessors, in the 2011 calendar year excluding methadone Dispensed during this period. Items Dispensed as part of supply orders or which attract no Government subsidy will also be excluded;
  - (C) dividing the total Prescription Items in (B) by the Initial Item in (A) and expressed as a ratio to four decimal places.
- (ii) If your (or in the event of a transfer or restructure of your business, your predecessors) first claim during the 2011 calendar year was on or later than the First Claim Period in July 2011 your Dispensing Ratio will be based on the lower ratio of:
  - (A) the last 3 months' claims available at the time the Dispensing Ratio is calculated; and



- (B) the median dispensing ratio of other Providers for your DHB area.
  - (iii) If we have fewer than 3 months' data for your Pharmacy, or in the event of a transfer or restructure of your business, your predecessor's, available at the time the Dispensing Ratio is calculated your default Dispensing Ratio will be 1.
  - (iv) If you are a "new" Pharmacy in this category in clauses H22.2(c)(ii) and H22.2(c)(iii), your Dispensing Ratio will be reviewed quarterly for a full year and your Dispensing Ratio will be calculated on the basis of the lower of:
    - (A) the last 3 months' claims available at the time your revised Dispensing Ratio is calculated; and
    - (B) median dispensing ratio of other Providers for your DHB area.
- (d) Dispensing Ratio Sub-Group**
- (i) On behalf of the CPSOG a Dispensing Ratio Sub-Group will be established to oversee dispensing ratio processes, confirm the dispensing ratios recommended by DHBSS, and manage appeals. The appeal decisions made by the Dispensing Ratio Sub-Group will be final.
  - (ii) In some special cases as set out in clause H22.2(e), the Dispensing Ratio Sub-Group may impose an adjusted Dispensing Ratio on you, in accordance with that clause.
- (e) Adjustment of your Dispensing Ratio**
- Your Dispensing Ratio may only be adjusted by agreement of the Dispensing Ratio Sub-Group during the term of this Agreement as a result of:
- (i) a merger of your Pharmacy with one or more other Pharmacies; or
  - (ii) an audit which reveals that your assigned Dispensing Ratio was miscalculated as a result of your fraudulent behaviour; or
  - (iii) you being identified as having an unusually high level of growth in your dispensing ratio over the period 2008 to 2011 or part thereof; or
  - (iv) your Dispensing Ratio as initially assigned being in excess of 2.5; or
  - (v) you being a new Pharmacy (i.e. you began claiming from the First Claim Period in October 2011 or later); or
  - (vi) your Pharmacy having grown its market share resulting in a 5% or higher increase in aggregate fees for pharmacy services (Service Fees, Handling Fees and Transition) received compared with the previous year; or
  - (vii) either party successfully appealing your assigned Dispensing Ratio in accordance with the process set out in clause H22.2(f) below.
- (f) When an appeal of your Dispensing Ratio can occur**
- (i) Either party may appeal your Dispensing Ratio, in accordance with the process set out in this paragraph (f) and paragraph (g) of this clause H22.2, provided there is a compelling case for review. The possible grounds for appeal are:
    - (A) your Pharmacy has seen a significant change in its population, such as but not limited to the gain or loss of a residential care contract, natural disaster resulting in a displacement of population, pharmacy relocation or change its population base; or
    - (B) your Pharmacy has more than 5% of its population (by number of Initial Item) in age related residential care and the ratio was calculated without these transactions having been removed.
  - (ii) In confirming your Dispensing Ratio or considering an appeal against your Dispensing Ratio, the Dispensing Ratio Sub-Group must be cognisant of the fact that your Dispensing Ratio should:
    - (A) reflect the population that you serve;
    - (B) give you time to adjust your business model; and
    - (C) should not give you an unfair market advantage as regards new patients.

- (iii) Appeals will only be considered if there is a compelling case as to why your Dispensing Ratio does not reflect your current population. Examples would be (but are not limited to):
  - (A) gain or loss of a large ARRC Pharmacy Services contract;
  - (B) relocation of business; and
  - (C) if your Pharmacy is a new start-up, i.e. a Pharmacy that has been in operation for less than 12 months as at 1 July 2012.
- (iv) Appeals will also be considered if an adjusted ratio has been set by the Dispensing Ratio Sub-Group in any of the special cases described in clause H22.2 (e)(i) to (vi) above.

**(g) Process of appeal**

- (i) If you wish to appeal your Dispensing Ratio you should lodge an appeal in writing (hard copy or email) to your DHB Pharmacy Portfolio Manager in the first instance.
- (ii) The written application under clause H22.2(g)(i) must outline the grounds for the appeal and include any supporting evidence that you believe is pertinent to the appeal.
- (iii) Your DHB Pharmacy Portfolio Manager will consider the following issues, including but not limited to:
  - (A) any specific needs of the population serviced by the DHB, including any recent changes;
  - (B) the specific needs of the population serviced by your Pharmacy, including any recent changes; and
  - (C) local factors that may have affected the calculation of your Dispensing Ratio.
- (iv) Following consideration under clause H22.2(g)(iii) your DHB Pharmacy Portfolio Manager will confirm in writing (hard copy or email) to you whether there are grounds to appeal. Your DHB Pharmacy Portfolio Manager will endeavour to provide this confirmation within five Business Days of receiving an appeal from you.
- (v) If your DHB Pharmacy Portfolio Manager considers there are grounds for appeal, he or she will forward the appeal to the CPSA Analytical Team Leader at DHBSS, who will undertake the necessary analysis and forward the appeal to the Dispensing Ratio Sub-Group for a hearing within five Business Days.
- (vi) Should we consider there are grounds for us to vary your Dispensing Ratio in accordance with the considerations in clause H22.2(f), we shall give you written notice of our intent to appeal your Dispensing Ratio, together with the evidence provided by the Community Pharmacy Analytical Team indicating why we are appealing your Dispensing Ratio.
- (vii) You will have a minimum of five Business Days in which to provide additional evidence before we will refer your case to the Dispensing Ratio Sub-Group.
- (viii) You will be notified when the appeal is to be heard and may attend to present a case to the Dispensing Ratio Sub-Group.
- (ix) The Dispensing Ratio Sub-Group will document its decision and its reasons.
- (x) The Dispensing Ratio Sub-Group's decision will be communicated to you in writing (by email) within five working days.

**(h) Revised Dispensing Ratio**

- (i) In the event that an appeal to the Dispensing Ratio Sub-Group clause H22.2(g) is successful, we will, by written notice to you, allocate you under a revised Dispensing Ratio which will be deemed to be your new Dispensing Ratio.
- (ii) The Dispensing Ratio Sub-Group will determine the effective start date for your revised Dispensing Ratio and the adjustment to be paid in respect of any previous period and this will also be advised by us in the written notice set out in clause H22.2(h)(i) above.

### H22.3 Calculation of Transition Payment

- (a) We will pay you Transition Payments during the transition period which will be calculated by us or our agent in accordance with this clause H22.3.
- (b) The Transition Payment you receive is an allocation of funding from the Transition Pool for that month and is paid in the following two stages:
  - (i) on the first Business Day of each month you will receive an amount for providing Services during that month which will be calculated by:
    - (A) forecasting the number of Initial Items that will be Dispensed during that month including prescriptions under the level of the Co-payment (excluding Initial Items Dispensed when providing Specific Pharmacy Services) by you; and
    - (B) multiplying your forecast amount in (A) by your Dispensing Ratio to get your contribution to market share; and
    - (C) adding your market share in (B) to the market share of every other Provider to get the total Market; and
    - (D) using the total Market in (C) and your contribution to market share in (B) to calculate your percentage contribution to market share; and
    - (E) multiplying the Forecast Monthly Transition Pool for that month (calculated in accordance with clause H22.1(b)(i)), by your percentage contribution to market share in (D); and
  - (ii) on the first Business Day of the fourth month following receipt of an amount specified in (i) above, you will receive an adjustment to the amount you have already been paid (which was calculated in accordance with clause H22.3(b)(i) above), to be determined by using the actual figures for the relevant month, which will be calculated by:
    - (A) calculating the number of Initial Items for that month (excluding Initial Items Dispensed when providing Specific Pharmacy Services) by you. For this purpose Initial Item will include such items in all valid claims less credits plus resubmissions dispensed in the transition period being calculated plus such items in valid claims less credits plus resubmissions relating to prior periods not previously included in transition payments; and
    - (B) multiplying your amount in (A) by your Dispensing Ratio to get your contribution to market share; and
    - (C) adding your market share in (B) to the market share of every other Provider to get the total market share; and
    - (D) using the total market share in (C) and your contribution to market share in (B) to calculate your percentage contribution to market share; and
    - (E) multiplying the Actual Monthly Transition Pool for that month, calculated in accordance with clause H22.1(b)(ii) by your percentage contribution to market share in (D).
- (c) We will seek to recover the full value of Service User Co-payments collected by you including in those circumstances where the Service User Co-payment is greater than the amount that would ordinarily be payable by us in respect of a Claim as defined in Schedule H1 (thereby resulting in you making a Claim for a negative amount), by deducting this negative amount from amounts that are payable by us to you in that same Claim Period or, where a Claim Item for a repeat Prescription Item in a Transaction Sequence is submitted and the Co-payment applicable to that Transaction Sequence is greater than the Standard Co-payment amount, a deduction may be made against other amounts payable in the same Claim Period in which that Claim Item is submitted to the extent necessary to recognise the full value of the Service User Co-payment that is applicable to that Transaction Sequence. Should we, or our Payment Agent on our behalf, be unable to recover from you the full value of Co-payments collected by you, your final Transition Payment will be reduced to recover the value of Co-payments not already deducted from the amounts reimbursed to you.

- (d) Should we, or our Payment Agent on our behalf, have failed to pay you the correct amount (not covered by paragraph (c) above), we will apply the adjustment necessary to ensure you are reimbursed the correct amount.
- (e) If the difference between actual amount calculated under clause H22.3(b)(ii) and the amount you were paid in advance under clause H22.3(b)(i) is a positive number, you will receive an additional payment payable on the first Business Day of that month, payable with the Transition Payment you are receiving for the current month.
- (f) If the difference between the actual amount calculated under clause H22.3(b)(ii) and the amount you were paid in advance under clause H22.3(b)(i) is a negative number, we will deduct that amount from the Transition Payment you are receiving for the current month, which is payable on the first Business Day of that month.
- (g) If, at the end of the transition period there is an adjustment amount that is payable to you but no further Transition Payments under clause H22.3(b)(i) are payable, we will nevertheless pay the amount owing to you under clause H22.3(b)(ii) on the first Business Day of the month in which it is payable.
- (h) If, at the end of the transition period there is an adjustment amount owing by you to us, but no further Transition Payments under clause H22.3(b)(i) are payable, clause H15 will apply.

## H23 Size of Annual Funding Envelope<sup>10</sup>

### H23.1 Annual Funding Envelope for the term of this Agreement

- (a) The Annual Funding Envelope for the 2012/13 financial year is \$370,500,000.
- (b) The Annual Funding Envelope for the 2013/14 financial year is the amount of the 2012/13 Annual Funding Envelope as set out in clause H23.1(a) increased by either 1.5% or the Contribution to Cost Pressure (CCP) adjustment (whichever is less). If the CCP is zero (or negative) the Funding Envelope will remain at the 2012/13 amount.
- (c) The Annual Funding Envelope for the 2014/15 financial year is the amount of the 2013/14 Annual Funding Envelope as set out in clause H23.1(b) increased by either 1.5% or the Contribution to Cost Pressure (CCP) adjustment (whichever is less). If the CCP is zero (or negative) the Funding Envelope will remain at the 2013/14 amount.
- (d) The amount of the Annual Funding Envelope designated as applying to the Community Pharmacy Anti-coagulation Management Services will be capped at the amounts set out in the following table for the respective financial years:

(1 July to 30 June) 2012/13	(1 July to 30 June) 2013/14	(1 July to 30 June) 2014/15	(1 July to 30 June) 2015/16
Up to \$1.5 Million	Up to \$2.5 Million	Up to \$3.5 Million	Up to \$3.5 Million

- (e) Unallocated funding under clause H23.1(d) will remain in the Annual Funding Envelope.
- (f) If excess funding is required in relation to Community Pharmacy Anti-coagulation Management Services for the financial year 1 July 2015 to 30 June 2016 over and above the capped amount specified under clause H23.1(d), the excess funding required will be paid separately by the relevant DHB and will not be paid out of the Annual Funding Envelope.
- (g) The Annual Funding Envelope for the financial year 1 July 2015 to 30 June 2016 is \$380,932,798.50.

### H23.2 Assumptions which have determined the Annual Funding Envelope

We both acknowledge that the size of the Annual Funding Envelope for each financial year of this Agreement, as set out in clause H23.1 has been determined on the basis of the following assumptions:

<sup>10</sup> There is no longer an Annual Funding Envelope. Please refer to clause H31, which applies during the Renewal Period (1 July 2016 to 30 June 2017). And to clauses H32 and H33 which apply during the 2017/18 Financial Year (1 July 2017 – 30 June 2018).

- (a) activity will be closely monitored by the CPSOG and reported and assessed by the CPSGG and that DHBs and Pharmacies will take reasonable steps to avoid triggering this clause H23;
- (b) population growth plus demographic changes are likely to result in a 2.5% per annum growth in the number of Initial Items from the start point;
- (c) all prescriptions for subsidised Pharmaceuticals are recorded and included;
- (d) the number of new items Dispensed per Service User will not increase (above and beyond that anticipated to cover demographic change);
- (e) reductions in repeat dispensing will be enabled early in the transition. There is expected to be a reduction of at least 5 million repeat dispensings achievable through Pharmacy implementing appropriate business measures and delivering the new services model;
- (f) that the number of people who can significantly benefit from being registered in the LTC Pharmacy Services is not expected to exceed 150,000 patients and the CPSOG is expected to closely monitor the application of the eligibility tool and recommend to the CPSGG changes to the threshold to ensure ongoing balance between Services Users receiving LTC Pharmacy Services and Service Users receiving Core Pharmacy Services within the agreed Annual Funding Envelope;
- (g) PHARMAC-induced repeat activity is not expected to increase and PHARMAC is expected to use best endeavours to modify “frequency of dispensing” via the Pharmaceutical Schedule rules;
- (h) changes to Pharmacy Induced Repeats will not be compensated for separately from any Handling Fees and Services Fees as set out in Part H and Schedule H1 of this Agreement;
- (i) activity will be closely monitored by the CPSOG and reported and assessed by the CPSGG.

The assumptions described in this clause H23.2 will not in themselves trigger a review of the Annual Funding Envelope but will be considered by the CPSGG if the process in clause H23.6 is undertaken.

### **H23.3 Expectations for the financial year 1 July 2015 to 30 June 2016**

We both acknowledge that there is an expectation that:

- (a) the Annual Funding Envelope for the financial year 1 July 2015 to 30 June 2016 is not intended to be exceeded. Active management will be required to achieve this;
- (b) the Annual Funding Envelope will be distributed in full in accordance with clause H30.4;
- (c) during the financial year 1 July 2015 to 30 June 2016, you will continue to comply with the terms of this Agreement and (assuming compliance) act consistently with previous conduct. In particular, you will not act in a way that increases artificially your revenue from us by Dispensing Pharmaceuticals more frequently than is necessary or otherwise breaching clause H6 (Cost or volume shifting and unnecessary Dispensing). For the avoidance of doubt, by submitting any Claim under this Agreement you are certifying to us that your Dispensing activity is compliant with the terms of this Agreement; and
- (d) during the financial year 1 July 2015 to 30 June 2016, where there is a significant increase in repeat Dispensing throughout New Zealand due to a one-off event that is outside the control of Providers that occurs as a result of a temporary reduction in the availability of stock in New Zealand of a given Pharmaceutical, we will use our best endeavours to engage with relevant third parties to explore ways in which the impact on Providers of the unexpected increase in repeat Dispensing caused by that event, can be minimised.

### **H23.4 Monitoring for the financial year 1 July 2015 to 30 June 2016**

- (a) The parties will, through CPSOG and CPSGG, actively monitor the actual Handling Fees, Service Fees and any other amounts (excluding the subsidy cost of the Pharmaceuticals and amounts payable as a margin towards the procurement and stockholding costs of Pharmaceuticals) paid to all Providers, and the Handling Fees, Service Fees and other amounts (excluding the subsidy cost of the Pharmaceuticals

and amounts payable as a margin towards the procurement and stockholding costs of Pharmaceuticals) projected to be paid to all Providers, in respect of Services performed during the financial year 1 July 2015 to 30 June 2016, against the Annual Funding Envelope for the financial year 1 July 2015 to 30 June 2016.

- (b) The monthly monitoring information provided to CPSOG and CPSGG will continue to be available online for Providers to access.

### **H23.5 The Annual Funding Envelope**

- (a) In setting the Annual Funding Envelope for the financial year 1 July 2015 to 30 June 2016, DHBs have undertaken projections of the Dispensing activity likely to occur during that year and have set the Payment Management Reserve as a means of managing the Annual Funding Envelope for the financial year 1 July 2015 to 30 June 2016. Similar to previous years, the Dispensing projections are to be monitored and updated by DHBs throughout the year in accordance with this Agreement.
- (b) If, in the opinion of the DHBs, the actual Handling Fees, Service Fees and other charges (excluding the subsidy cost of Pharmaceuticals) paid to all Providers and the Handling Fees, Service Fees and other amounts (excluding the subsidy cost of the Pharmaceuticals) projected to be paid to all Providers in respect of Services performed by all Providers during the financial year 1 July 2015 to 30 June 2016 (identified through regular monitoring and projections undertaken on behalf of DHBs) ever equal a sum that is greater than 99.5% of the Annual Funding Envelope for the financial year 1 July 2015 to 30 June 2016 (i.e. less than half of the Payment Management Reserve remains or is projected to remain) the process set out in clause H23.6 below is to be followed.

### **H23.6 Consultation process and agreed response**

Where clause H23.5(b) applies, CPSGG will consider what fair and reasonable actions could be taken by DHBs and Providers to stay within the Annual Funding Envelope. CPSGG will make a recommendation to DHBs and DHBs will collectively consider CPSGG's recommendation before engaging with Providers on what actions could be taken. DHBs and Providers will then, in good faith, discuss what actions (if any) are to be taken to stay within the Annual Funding Envelope and use their best endeavours to implement such actions.

## **H24 Interim payment arrangements during the transition period<sup>11</sup>**

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### **H24.1 Definitions applying to this clause H24**

**For the purpose of this clause H24 the following additional definitions apply:**

- (a) **Revised Dispensing Ratio** means the revised dispensing ratio which we have provided to you in writing, as endorsed by the CPSOG, which will have been calculated in accordance with clause H24.4; and
- (b) **Interim Payment Arrangement Period** means the period commencing on 1 March 2013 and ending on the date that we notify you in writing is the date that the Interim Payment Arrangement Period shall come to an end.

### **H24.2 Reason for interim payment arrangements**

- (a) Notwithstanding the original intention of the parties that payments for Service Fees for Core Pharmacy Services would commence from 1 February 2013 in accordance with clause 3.2(a)(ii) of Schedule H1, we both acknowledge that the information technology infrastructure needed to enable us to make these payments to you will not be in place by 1 February 2013 and will need to continue being developed after this date.
- (b) As a consequence of the situation described in clause H24.2(a) above, we both agree that an interim alternative payment arrangement is required to enable the spirit and underlying intent of clause 3.2(a)(ii) of Schedule H1 to be maintained, rather than extending Stage 1 of the transition period, and have agreed to the inclusion of this clause H24 to give effect to this.
- (c) For the avoidance of doubt, the interim payment arrangements only apply in respect of the Service Fee for providing Core Pharmacy Services and do not affect any other

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<sup>11</sup> References to the Transition Period and occurrences during the Transition Period are now historic.

Service Fee or other payments payable under the Agreement in respect of any other Services.

### **H24.3 Interim payment arrangements**

During the Interim Payment Arrangement Period, the following alternative payment arrangements shall apply in place of provisions in Part H and Schedule H1 of the Agreement that relate to the payment of the Service Fee for providing Core Pharmacy Services:

- (a) the Service Fee for providing Core Pharmacy Services as described in clause 3.2(a)(ii) of Schedule H1 will not be paid and can not be claimed by you in accordance with any provision relating to the claiming of a Service Fee for providing Core Pharmacy Services in Part H;
- (b) instead of being able to claim a Service Fee for providing Core Pharmacy Services as originally envisaged, we will adjust your Dispensing Ratio, as described in clause H24.4 below; and
- (c) we will continue to pay you a monthly Transition Payment as envisaged in the remainder of the Agreement, but the Transition Payment payable to you will be calculated using your Revised Dispensing Ratio, rather than the Dispensing Ratio that applied to you as at 28 February 2013, and any references to Dispensing Ratio in clause H22.3 shall be read as Revised Dispensing Ratio for this purpose.

### **H24.4 Adjustment of Dispensing Ratio**

- (a) From the commencement of the Interim Payment Arrangement Period, your Revised Dispensing Ratio will be used to calculate the Transition Payments payable to you for periods that commence from the commencement of the Interim Payment Arrangement Period.
- (b) Adjustments to periods prior to the Interim Payment Arrangement Period commencement date will continue to be calculated using the Dispensing Ratio advised to you prior to the application of the revisions outlined in (c) below. From the commencement of the Interim Payment Arrangement Period any reference to 'Dispensing Ratio' in the Agreement will be read as being to 'Revised Dispensing Ratio' (except in relation to clause H22.2(c)).

#### **(c) Calculation of Revised Dispensing Ratio**

Your Revised Dispensing Ratio will have been calculated as follows:

- (i) by counting the number of community pharmacies with an executed Community Pharmacy Services Agreement (that has not been terminated) on 17 December 2012 that had a higher dispensing ratio than the one that applies to you prior to revision as at the date of calculation by us; and
- (ii) by multiplying the number of pharmacies identified in (i) of this paragraph (c) by a factor 0.0003; and
- (iii) by adding the value calculated in (ii) of this paragraph (c) to the Dispensing Ratio that would apply to you prior to this revision by us as at the date of revision to get your Revised Dispensing Ratio.

#### **(d) Provision of Revised Dispensing Ratio**

Prior to 1 March 2013, we will have provided you, in writing, with your Revised Dispensing Ratio.

#### **(e) Adjustments, appeals or reviews of a Revised Dispensing Ratio or Dispensing Ratio**

From and after the commencement of the Interim Payment Arrangement Period, the adjustment, appeal and review processes set out in the remainder of Part H will continue to apply.

#### **(f) "New" pharmacies**

If you are a "new" Pharmacy in accordance with clauses H22.2(c)(ii) or H22.2(c)(iii), your Dispensing Ratio will be calculated in accordance with clause H22.2(c)(ii) or clause

H22.2(c)(iii), as applicable, and will then be adjusted using the same methodology as described in clause H24.4(c).

#### **H24.5 Arrangements when the Interim Payment Arrangement Period ends**

For the avoidance of doubt, when the Interim Payment Arrangement Period ends:

- (a) the Dispensing Ratio that applied to you before application of the revision calculation outlined in H24.4(c) will be reinstated and will be used to calculate any new monthly Transition Payment payable to you after the end of the Interim Payment Arrangement Period;
- (b) notwithstanding (a) above, your Revised Dispensing Ratio will continue to be used to calculate any second stage Transition Payment (calculated in accordance with clause H22.3(b)(ii)) where the first stage of that Transition Payment was calculated in accordance with clause H22.3(b)(i) using your Revised Dispensing Ratio; and
- (c) the provisions in Part H and Schedule H1 that have not applied because of this clause H24 will commence or recommence applying (as applicable).

### **H25 Pharmacy High Needs Adherence Management (PHAM) Services**

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#### **H25.1 Revised funding arrangements for LTC Pharmacy Services**

In recognition of the differing needs of Service Users eligible to receive LTC Pharmacy Services, from 1 March 2013 we have agreed to introduce an additional Service Fee component within LTC Pharmacy Services if you are also providing Pharmacy High Needs Adherence Management (PHAM) Services to a Service User. Consequently, there are two possible Services Fees that may be payable in respect of the provision of LTC Pharmacy Services (depending on whether Pharmacy High Needs Adherence Management (PHAM) Services are also being provided to a Service User), being the:

- (i) LTC Pharmacy Services Fee; and
- (ii) Pharmacy High Needs Adherence Management (PHAM) Services Fee.

#### **H25.2 LTC Pharmacy Services Fee and Pharmacy High Needs Adherence (PHAM) Services Fee**

- (a) If you are providing Pharmacy High Needs Adherence (PHAM) Services to a Pharmacy High Needs Adherence (PHAM) Service User you will be paid a Pharmacy High Needs Adherence Management (PHAM) Services Fee in addition to the LTC Pharmacy Services Fee payable in respect of that Service User in accordance with Schedule H1 so long as that Service User is registered with you to receive Pharmacy High Needs Adherence Management (PHAM) Services.
- (b) For the avoidance of doubt, in relation to (a) you will not receive a Pharmacy High Needs Adherence Management (PHAM) Services Fee for a Service User who is registered with you as receiving LTC Pharmacy Services but is not registered with you as also receiving Pharmacy High Needs Adherence (PHAM) Services.

#### **H25.3 LTC Pharmacy Services Protocol**

The LTC Pharmacy Services Protocol will set out the eligibility criteria for a Service User being assessed as able to receive Pharmacy High Needs Adherence (PHAM) Services, and, as a consequence, your ability to receive a Pharmacy High Needs Adherence (PHAM) Services Fee in respect of that Service User.

### **H26 Pharmaceuticals co-dispensed when providing Pharmacy Methadone Services for Opioid Dependence**

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- (a) We recognise that sometimes a Prescriber may consider it to be clinically necessary for a Service User receiving Pharmacy Methadone Services for Opioid Dependence to be Dispensed Co-dispensed Pharmaceuticals. In these situations we wish to provide additional funding to you for providing an additional level of service to those Service Users which is not reflected in the Service Fees that you would otherwise receive for providing Core Pharmacy Services to that Service User when Dispensing those Co-dispensed Pharmaceuticals.



- (b) In light of paragraph (a), if you are providing Pharmacy Methadone Services for Opioid Dependence to a Service User that receives a Co-dispensed Pharmaceutical, you may register that Service User as being eligible to receive Co-dispensed Opioid Services by providing the following information to Sector Services:
  - (i) clearly indicate that the Service User is eligible to receive Co-dispensed Opioid Services and should therefore be entitled to be included on the national register (for convenience purposes, the process for registering a Service User to receive Co-dispensed Opioid Services will be similar to the process used when registering a Service User to receive CRC Pharmacy Services); and
  - (ii) the name of the Service User, start date from when the Service User started receiving Co-dispensed Opioid Services and the NHI number of the Service User.
- (c) You may only claim for providing Co-dispensed Opioid Services to a Service User who has been registered as being eligible to receive Co-dispensed Opioid Services as required under paragraph (b) and who has not been subsequently removed from the national register.
- (d) You must inform Sector Services as soon as you are aware that the Service User is no longer receiving any Co-dispensed Pharmaceutical and should therefore be removed from the national register.
- (e) We may also require (at our absolute discretion) a Service User to be removed from the national register (therefore removing your ability to claim for providing Co-dispensed Opioid Services to that Service User) if we consider that the Service User does not receive or is not Prescribed Co-dispensed Pharmaceuticals or if you have acted contrary to clause H6.1 in respect of any claiming activity that relates in any way to Co-dispensed Opioid Services.
- (f) Consistent with clause H6.1, where you have registered a Service User as being eligible to receive Co-dispensed Opioid Services, you must only claim under Schedule H1 for Dispensing a Co-Dispensed Pharmaceutical to that Service User and you must not also claim for Dispensing that same Pharmaceutical by claiming under the Core Pharmacy Services provision in Schedule H1 in respect of that Co-dispensed Pharmaceutical.
- (g) Where you have registered a Service User as being eligible to receive Co-dispensed Opioid Services, you may not simultaneously register that patient to receive LTC Pharmacy Services. You must not register a Service User to receive Co-dispensed Opioid Services if that Service User is also registered with your Pharmacy to receive LTC Pharmacy Services.
- (h) Notwithstanding anything to the contrary in this Agreement, any Pharmaceutical that would qualify as a Co-dispensed Pharmaceutical under the definition of that term but is a Pharmaceutical that is Dispensed when providing any of the Specific Pharmacy Services, is not eligible to be treated as a Co-dispensed Pharmaceutical for the purpose of that definition and any claim in respect of Dispensing that Pharmaceutical should be made under the relevant Specific Pharmacy Service formula in Schedule H1.
- (i) For the purpose of deductions made to the Monthly Funding Envelope under clauses H22.1(b)(i) and H22.1(b)(ii) (to determine the Forecast Monthly Transition Pool and the Actual Monthly Transition Pool, respectively), payments made or projected to be made in respect of Pharmacies providing Co-dispensed Opioid Services will be treated as a Handling Fees for providing Specific Pharmacy Services.

## **H27 Negative A3 or J3 Transactions**

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### **H27.1 Clarity on Negative A3 or J3 Transactions**

In respect of Negative A3 or J3 Transactions:

- (a) from the Commencement Date, initial items forming part of Negative A3 or J3 Transactions should not have been included in the initial Prescription Items count for the purpose of calculating Transition Payments, or Service Fees for Specific Services, or from 1 August 2013 for Service Fees for Core Pharmacy Services, in order to align more closely to the old funding and services model; and

- (b) from the Commencement Date, Pharmacies should have been able to retain any Co-payment amount that may have been collected from a Service User, which is described as the “negative amount” in the definition of Negative A3 or J3 Transaction.

## **H27.2 Giving effect to clarifications in respect of Negative A3 or J3 Transactions**

In order to ensure that the clarifications specified in clause H27.1 are given effect to:

- (a) in respect of any Transition Payments that have already been made prior to the effective date of this provision, these payments shall be recalculated through wash-up processes in order to reflect the clarifications described in clause H27.1 of this Agreement;
- (b) in respect of any Service Fees for providing Core Pharmacy Services that have already been made prior to the effective date of this provision, these payments shall be recalculated through wash-up processes in order to reflect the clarifications described in clause H27.1 of this Agreement; and
- (c) any under-payments that result from the calculations under (a) or (b) of this clause H27.2 shall be paid by the DHB to the Pharmacy and any over-payments that result from the calculations under (a) or (b) of this clause H27.2 will (subject to any waiver by DHBs of their right to recover any overpaid amount) be recovered by the DHB from the Pharmacy (with reference to clauses H15 and H17 and in line with the principles to ensure a nationally consistent approach which have been separately made available to you). For the avoidance of doubt, if a DHB waives its right to recover any overpaid amount, any such waiver shall not be interpreted as affecting our right to seek recovery of any overpaid amounts (with reference to clauses H15 and H17 of this Agreement) in respect of any payments made by us to you from or after the effective date of this provision or any payments previously made to you in respect of any payment period to which the waiver is not expressly stated as applying.

## **H28 Stage 4 Mechanism<sup>12</sup>**

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**H28.1** This Stage 4 Mechanism payment mechanism represents a further step towards our shared goal of a patient-focussed pharmacy service and funding model. In addition, Pharmacy High Needs Adherence Management (PHAM) Services have been subsumed into this Stage 4 Mechanism payment mechanism and accordingly are not funded through a separate mechanism, as was previously the case. We both acknowledge that this may not be the final step. Any following step or steps will be introduced in accordance with Part L of this Agreement.

### **H28.2 Initial Items**

The amount that we will pay you as a service fee for providing Core Pharmacy Services or LTC Pharmacy Services to Service Users when Dispensing Initial Items (excluding Brand-switch Fee transactions, Supply Orders, “Owed” Prescription Items, Prescription Items that are not subsidised, reversed Claims and rejected Claims (as such terms are described in the Procedures Manual)) to Service Users, will be calculated in accordance with the following formula:

$$R = \sum (((II \times C) \times IRVU) \times ISF) \times GST$$

where:

- R** = the service payment (inclusive of GST) that we will pay to you for providing Core Pharmacy Services or LTC Pharmacy Services to all Service Users to whom you have Dispensed Initial Item(s) during the relevant Service Month (with R to be calculated separately for Initial Items Dispensed when providing Core Pharmacy Services and Initial Items Dispensed when providing LTC Pharmacy Services);
- ∑** = is used to represent the sum of each possible combination of the number of Initial Items Dispensed to a Services User on a single day (II in this formula), calculated using the formula above, in the relevant Service Month. For example, the formula above should be used separately to calculate service fees where three Initial Items are Dispensed to a Service User on a single day and service fees where five Initial

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<sup>12</sup> The Stage 4 Mechanism still applies for the Renewal Period (1 July 2016 to 30 June 2017) and for the 2017/18 Financial Year (1 July 2017 to 30 June 2018).

Items are Dispensed to another Service User in a single day, the results of each calculation after applying the formula above are then added together to give the sum for the relevant Service Month;

- II** = means the number of Initial Items that you have Dispensed to a Service User in a single day. For the avoidance of doubt, where a Service User presents more than one Prescription Form to you in a single day and each Prescription Form contains a number of Initial Items that you Dispense to that Service User on that same day, the number of Initial Items for the purpose of determining II would be the total number of Initial Items on all Prescription Forms that you Dispense to that Service User on the same single day. For the purpose of this calculation, where no NHI is provided when you submit an Initial Item Claim Item, that Initial Item will be counted separately as 1 (except in respect of Initial Items Dispensed when providing LTC Pharmacy Services where an NHI is required for a Claim Item to be accepted by us, which will not be counted);
- C** = means the number of instances of an individual Service User on a single day in the relevant Service Month being Dispensed the particular number of Initial Items by you;
- IRVU** = means the applicable relative value unit (IRVU) which corresponds with the number of Initial Items Dispensed to that Service User on that day, in accordance with the following table, as applicable depending on whether the Initial Item is Dispensed when providing Core Pharmacy Services or LTC Pharmacy Services:

**Table for Core Pharmacy Services:**

Number of Initial Items in Prescription Form(s) Dispensed to the Service User in a single day	IRVU
1 - 3	1.00
4	1.02
5	1.03
6 +	1.04

**Table for LTC Pharmacy Services:**

Number of Initial Items in Prescription Form(s) Dispensed to the Service User in a single day	IRVU
1 - 3	1.00
4	1.02
5	1.03
6+	1.04

- ISF** = means the initial base service fee, which is a GST exclusive amount, being:
  - (a) \$4.43 for Core Pharmacy Services; and
  - (b) \$4.43 for LTC Pharmacy Services; and
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate.

**H28.3 Repeat Items**

The amount that we will pay you as a service fee for providing Core Pharmacy Services or LTC Pharmacy Services to Service Users when Dispensing Repeat Items (excluding Brand-switch Fee transactions, Supply Orders, "Owed" Prescription Items, Prescription Items that are not subsidised, reversed Claims and rejected Claims (as such terms are described in the Procedures Manual)) to Service Users will be calculated and paid to you, in accordance with the following formula:

$$R = \sum(((N \times RRVU) \times RSF) \times GST)$$

where:

- R** = the service payment (inclusive of GST) that we will pay to you for providing Core Pharmacy Services or LTC Pharmacy Services to a Service User to whom you have Dispensed a Repeat Item (with R to be calculated separately for Repeat Items Dispensed when providing Core Pharmacy Services and Repeat Items Dispensed when providing LTC Pharmacy Services);
- $\Sigma$  = is used to represent the sum of each possible combination of the number of Repeat Items with a different prescription ID suffix Dispensed to Service Users during the relevant Service Month. For example, the service fees for all Repeat Items with a prescription ID suffix of 3 over the relevant Service Month should be calculated using the formula above and the formula above should then be separately used to calculate the service fees for all Repeat Items with a suffix of 6 over the relevant Service Month, the results of each calculation after applying the formula above are then added together to give the sum for the relevant Service Month;
- N** = means the number of instances of Repeat Items being Dispensed by you during the Service Month with the particular prescription ID suffix;
- RRVU** = means the relative value unit (RRVU) that corresponds with the prescription ID suffix for the Repeat Item Dispensed to a Service User, in accordance with the following table, as applicable depending on whether the Repeat Item is Dispensed when providing Core Pharmacy Services or LTC Pharmacy Services (i.e. if this is the second time that a repeat for a single Prescription Item has been Dispensed to a Service User, the prescription ID suffix is 3 and the RRVU in the first row will apply):

**Table for Core Pharmacy Services:**

Prescription ID suffix for the Repeat Item Dispensed to that Service User	RRVU
2-3	1.00
4-12	0.60
13 to 28	0.40
29+	0.35

**Table for LTC Pharmacy Services:**

Prescription ID suffix for the Repeat Item Dispensed to that Service User	RRVU
2-3	1.00
4-12	0.60
13 to 28	0.40
29+	0.35

- RSF** = means the repeat base service fee, which is a GST exclusive amount, being:
- (a) \$3.03 for Core Pharmacy Services; and
  - (b) \$3.03 for LTC Pharmacy Services;
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate.

**H28.4** The amounts payable to you under clauses H28.2 and H28.3 will be calculated and paid to you on the following basis:

- (a) on the first Business Day of each month prior to the Termination Date you will receive an advance amount for providing Core Pharmacy Services and LTC Pharmacy Services for that Service Month, calculated by us on the basis of:
  - (i) the forecast number of Initial Items your Pharmacy is estimated to Dispense to Service Users during that Service Month (including the forecast number of Initial Items per Service User per day your Pharmacy is forecast to Dispense); and
  - (ii) the forecast number of Repeat Items that your Pharmacy is forecast to Dispense during that Service Month (including the prescription ID suffix that each Repeat Item is forecast to be Dispensed as for a single Pharmaceutical for a Service User),

when providing Core Pharmacy Services and LTC Pharmacy Services. The forecast figures will then be used to calculate the Advance Service Fee Payment for your Pharmacy for providing Core Pharmacy Services and LTC Pharmacy Services during that Service Month using the formulas in clause H28.2 and H28.3 above;

- (b) on the first Business Day of the third month following receipt of your Advance Service Fee Payment specified in (a) above, an Adjustment to the Advance Service Fee Payment you have already been paid (which was calculated in accordance with clause H28.4(a) above) will be calculated. The Adjustment for the relevant Service Month will be calculated by us using the:
- (i) actual number of Initial Items your Pharmacy Dispensed to Service Users during the relevant Service Month (including the number of Initial Items per Service User per day your Pharmacy has Dispensed) and ;
  - (ii) actual number of Repeat Items your Pharmacy Dispensed to Service Users during the relevant Service Month (including the prescription ID suffix that each Repeat Item was Dispensed as for a single Pharmaceutical for a Service User),

when providing Core Pharmacy Services and LTC Pharmacy Services, The actual figures will then be used to calculate the Actual Service Fee Payment for your Pharmacy for providing Core Pharmacy Services and LTC Pharmacy Services during the relevant Service Month using the formulas in clause H28.2 and H28.3. If the difference between the Actual Service Fee Payment calculated under this clause H28.4(b) and the amount you were paid as an Advance Service Fee Payment under clause H28.4(a) (when deducting the amount of the Advance Service Fee Payment from the Actual Service Fee Payment), being the Adjustment is:

- (A) a positive number, you will receive an additional payment (for the amount of the difference) payable on the first Business Day of that month, payable with the Advance Service Fee Payment for providing Core Pharmacy Services and LTC Pharmacy Services that you are receiving for the current month;
  - (B) a negative number, we will deduct that amount from the Advance Service Fee Payment you are due to receive on the first Business Day of that month for providing Core Pharmacy Services and LTC Pharmacy Services;
- (c) if, as a result of this agreement coming to an end, there is an Adjustment that is payable to you but Advance Service Fee Payments for providing Core Pharmacy Services and LTC Pharmacy Services are no longer paid in the manner set out in this clause H28.4, we will nevertheless pay the amount owing to you under clause H28.4(b) on the first Business Day of the month in which it would otherwise have been payable under that clause; and
- (d) if, as a result of this agreement coming to an end, there is an Adjustment that is owing by you to us, but the Advance Service Fee Payments for providing Core Pharmacy Services and LTC Pharmacy Services are no longer paid in the manner set out in this clause H28.4, clause H15 will apply and that clause H15 will be deemed to continue to apply with effect after the Termination Date.

**H28.5** For the purpose of the forecasting carried out in accordance with clause H28.4(a), the Dispensing data we will use will be the Dispensing data for the third calendar month prior to the month that the forecast will be carried out in respect of, which will then be seasonally adjusted using a Seasonal Adjuster. For example, if a forecast is being carried out in respect of the month of August, Dispensing data for the previous month of May (with a Seasonal Adjuster applied) will be used.

**H28.6** If your Pharmacy has undergone a change of ownership between the two months described in clause H28.5 we will use Dispensing data for the Pharmacy when it was under the ownership of the previous owner in order to determine Dispensing data for the third calendar month prior to the month that the forecast will be carried out in respect of. If your Pharmacy is a “new” Pharmacy and we do not have data for your Pharmacy for the third calendar month prior to the month that the forecast will be carried out in respect of, you will not receive any Advance Service Fee Payments until such time as we do have data for the applicable month that enables us to calculate Advance Service Fee Payments for your Pharmacy.

**H28.7** Where the applicable Service User Co-payment that applies to the Dispensing of an Initial Item Dispensed by you is an amount greater than the Standard Co-payment amount, that Initial Item will not be counted as an Initial Item for the purpose of calculating your Advance Service Fee Payment or Actual Service Fee Payment, unless:

- (a) the Initial Item has a prescription ID suffix of /0 and the individual transaction value for that Initial Item calculated under clause 2.3(a) or 2.4(a) of Schedule H1 is greater than \$0.00; or
- (b) the Initial Item has a prescription ID suffix of /1.

**H28.8** For the avoidance of doubt, if a Claim Item relating to Dispensing undertaken in a Service Month has not been submitted to us within the time required by us to calculate your Actual Service Fee Payment for the relevant Service Month, Service Fees for the relevant Claim Item will be paid to you through the annual review process in accordance with clause H30. Any other fees relating to that Claim Item will be paid to you in accordance with the other provisions in this Agreement.

**H28.9** For clarity, during the period in which Stage 4 Mechanism applies, the allocation of up to 5% amount of the Annual Funding Envelope that was originally intended to be distributed as a quality incentive payment will not be paid as a separate quality incentive payment. Instead, the up to 5% of the Annual Funding Envelope has been incorporated through the levels at which the Service Fees for Core Pharmacy Services and LTC Pharmacy Services have been set while Stage 4 Mechanism is in place.

## **H29 Quarterly Service Fee recalculation for A3 and J3 transactions**

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**H29.1** On a quarterly basis (with the first quarterly review process being initiated in November 2014), we will, in accordance with this clause H29, recalculate the Service Fees payable to you in respect of any Initial Item Dispensed by you when providing Core Pharmacy Services or LTC Pharmacy Services, where:

- (a) the applicable Service User Co-payment that applies to the Dispensing of an Initial Item is an amount greater than the Standard Co-payment amount and;
- (b) the Initial Item has a prescription ID suffix of /0 and the individual transaction value for that Initial Item calculated under clause 2.3(a) or 2.4(a) of Schedule H1 is equal to or less than \$0.00 (with negative values being treated as \$0.00 for purpose of internal payment processing purposes).

**H29.2** Where an Initial Item that you have Dispensed is covered under clause H29.1, for the purpose of determining whether a Service Fee is payable following the quarterly review, we will recalculate the individual transaction value for that Initial Item, using the formula in clause 2.3(a) or 2.4(a) of Schedule 1 (as applicable) but using a Handling Fee of \$5.44 to determine whether that Initial Item qualifies to receive a Service Fee payment. If the recalculated transaction value:

- (a) is \$0.00 or less, you will not be paid any further Service Fees in respect of that Initial Item for that quarter;
- (b) greater than \$0.00, you will be paid additional Service Fees calculated in accordance with clause H29.3.

**H29.3** Where clause H29.2(b) applies, we will calculate, in respect of each relevant Initial Item, whether a Service Fee that is owing to you for that quarter, in accordance with the following formula:

$$R = (IRVU \times ISF) \times GST + RITV$$

where:

**R** = the service payment (inclusive of GST) that we will pay to you for providing Core Pharmacy Services or LTC Pharmacy Services to the Service User to whom you have Dispensed the relevant Initial Item;

**IRVU** = means the applicable relative value unit (IRVU), being in this case 1.01;

**ISF** = means the initial base service fee, which is a GST exclusive amount, being:

- (a) \$4.43 for Core Pharmacy Services; and
  - (b) \$4.43 for LTC Pharmacy Services;
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate; and
- RITV** = is the recalculated Transaction Sequence value which means the negative amount of the Transaction Sequence value which that Initial Item forms part of, calculated in accordance with clause 2.3(a) or 2.4(a) of Schedule H1 (as applicable), where the \$1.01 Handling Fee is used in the calculation, which is inclusive of GST.

**H29.4** Service Fees owing to you by us, or to be recovered from you by us, will be paid or recovered (as applicable) on the next Business Day following completion of the quarterly review by us.

**H29.5** For the avoidance of doubt, the quarterly review and recalculation exercise will not affect any other payments that we have already made to you, nor will it mean that the IRVU that was applied in relation to the Dispensing of other Initial Items that were Dispensed at the same time as an Initial Item described in clause 29.1, shall be altered during the quarterly review process.

**H29.6** For the avoidance of doubt, this clause H29 (and other relevant provisions required to give effect to this clause H29 (including the definitions in Part E)) shall continue to apply after the Termination Date to enable the quarterly review process to be completed in respect of any Dispensing that occurred during the Term.

### **H30 Annual Review and unallocated Annual Funding Envelope amount<sup>13</sup>**

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**H30.1** After the end of each financial year, when the DHBs, in their discretion, are satisfied that all Claims have been received by the DHBs in respect of Dispensing undertaken by all Providers in that prior financial year, the DHBs will (through their payment agent or other representative) undertake an exercise of checking that the payments made to all Providers during that prior financial year were accurate.

**H30.2** Where the annual review process described under clause H30.1 identifies that you have not been paid enough during that prior financial year for the Services provided during that financial year, in accordance with the payment provisions in Part H and Schedule H1 (that were applicable at the time the Services were provided), we will notify you of this amount and will pay this additional amount to you on the next Payment Date. This amount is known as an Annual Payment Adjustment.

**H30.3** Where the annual review process described under clause H30.1 identifies that we have overpaid you during that prior financial year for the Services provided during that financial year, in accordance with the payment provisions in Part H and Schedule H1 (that were applicable at the time the Services were provided), clause H15 will apply.

**H30.4** If, after the annual review process described under clause H30.1 has been completed, it is apparent that the Annual Funding Envelope for that prior financial year was not fully distributed to Providers through the payment of Handling Fees and Services fees in respect of Dispensing undertaken in that prior financial year, the remainder of the Annual Funding Envelope for that prior financial year will be distributed to Providers based on a pro-rata share of the share of actual Handling Fees and Service Fees paid or payable in relation to Prescription Items Dispensed by you when providing Core Pharmacy Services and LTC Pharmacy Service for the relevant 12 month period, including the LTC Pharmacy Services Fee.

**H30.5** As part of the annual review process undertaken in accordance with this clause H30, we may recalculate Service Fees that should have been paid to you in respect of any Initial Item that was impacted, in terms of the payment calculations under H28.2 and H28.3, where:

- (a) you received a Service Fee for an Initial Item in accordance with clause H29; and/or

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<sup>13</sup> There is no longer an Annual Funding Envelope. Please refer to clause H31, which applies during the Renewal Period (1 July 2016 to 30 June 2017). And to clauses H32 and H33 which apply during the 2017/18 Financial Year (1 July 2017 – 30 June 2018).

- (b) an Initial Item was automatically counted as an Initial Item for the purpose of calculating your Advance Service Fee Payment or Actual Service Fee Payment in accordance with clause H28.7(b),

to determine what the appropriate Service Fee (if at all) for any such Initial Item should have been, assuming:

- (c) in respect of (a), that the Initial Item was identified as an Initial Item (on the basis of using a \$5.38 Handling Fee) that qualifies to receive a Service Fee payment (less the RITV defined in clause H29.3 for that Initial Item) at the time the Claim was originally processed by us, rather than at the time of the quarterly recalculation process under clause H29; and
- (d) in respect of (b), that:
- (i) if the full Transaction Sequence was known at the time the Claim was originally processed by us, it would have been known that the Initial Item formed part of a Negative A3 or J3 Transaction and as a consequence should not have qualified to receive a Service Fee payment; or
- (ii) the value of the Transaction Sequence related to that Initial Item is only positive on the basis of using a \$5.38 Handling Fee (rather than a \$1.00 Handling Fee) and as a consequence the RITV (as defined in clause H29.3) for that Initial Item should be netted from the Service Fee paid in respect of that Initial Item under clause H28.2 so that only the true value of the Transaction Sequence calculated under clause 2.3(a) or 2.4(a) of Schedule H1 (as applicable) is claimed.

H30.6 As part of the annual review process undertaken in accordance with this clause H30, we may recalculate the Services Fees that we have paid to you for any Repeat Item that forms part of a Transaction Sequence where the applicable Service User Co-payment that applies to that Transaction Sequence is an amount greater than the Standard Co-payment amount, to ensure that the Service Fee paid by us for that Repeat Item is adjusted by any RIVT (or part of the RIVT) (as RIVT is defined in clause H29.3) that applies to the Transaction Sequence that has not already been deducted under clause H30.5(d)(ii).

H30.7 For the avoidance of doubt, this clause H30 (and other relevant provisions required to give effect to this clause H30 (including the definitions in Part E)) shall continue to apply after the Termination Date to enable the annual recalculation process to be completed in respect of any financial year falling within the Term.

## H31

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### H31.1 Service Fees applicable for the Renewal Period (1 July 2016 to 30 June 2017)<sup>14</sup>

Where this Agreement is renewed in accordance with clause B2.3, we both acknowledge that:

- (a) the minimum total amount of Handling Fees, Service Fees and any other amounts (excluding the subsidy cost of the Pharmaceuticals and amounts payable as a margin towards the procurement and stockholding costs of Pharmaceuticals) that will be paid to all Providers during the Renewal Period (assuming a full 12 month Renewal Period) will be \$380,932,798.50 (pro-rated using the Early Termination Wash-up Milestone amounts where the Agreement terminates prior to the end of the full Renewal Period);
- (b) we may set the amount of each Service Fee (or the initial or repeat base service fee, as applicable) that will apply for the Renewal Period and such amounts shall be notified to you in accordance with clause B2.3(b);
- (c) we agree to use our best endeavours to set the amount of each Service Fee (or the initial or repeat base service fee, as applicable) at an amount that would, as best and as reasonably practicable, lead to the total amount paid or payable by all DHBs to all Providers as Handling Fees, Service Fees and any other amounts (excluding the subsidy cost of the Pharmaceuticals and amounts payable as a margin towards the procurement and stockholding costs of Pharmaceuticals) during the Renewal Period of an amount that falls within the Targeted Expenditure Range;

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<sup>14</sup> From 1 July 2017 onwards all references to the "Renewal Period" are historic



- (d) projections to determine the amount that each Service Fee (or the initial or repeat base service fee, as applicable) should be set at for the Renewal Period will be undertaken by (or on behalf of) the DHBs in early 2016. The projections will be reviewed by CPSOG and a recommendation made to the 20-DHB Collective as to the recommended amount of each Service Fee (or the initial or repeat base service fee, as applicable). For the avoidance of doubt, any expenditure listed in paragraphs (a) or (b) of the definition of Targeted Expenditure Range in clause E1.3 is to be excluded when determining the amount that each Service Fee (or the initial or repeat base service fee, as applicable) should be set at;
- (e) in accordance with clause B2.3(b) the amount of each Service Fee (or the initial or repeat base service fee, as applicable) for the Renewal Period will be notified to you prior to 31 March 2016. For the avoidance of doubt, the amount of each Service Fee notified to you must be equal to, or greater than, the amount of each equivalent and respective Service Fee applicable during the period 1 July 2015 to 30 June 2016;
- (f) during the financial year 1 July 2016 to 30 June 2017, you will continue to comply with the terms of this Agreement and (assuming compliance) act consistently with previous conduct. In particular, you will not act in a way that increases artificially your revenue from us by Dispensing Pharmaceuticals more frequently than is necessary or otherwise breaching clause H6 (Cost or volume shifting and unnecessary Dispensing). For the avoidance of doubt, by submitting any Claim under this Agreement you are certifying to us that your Dispensing activity is compliant with the terms of this Agreement; and
- (g) during the financial year 1 July 2016 to 30 June 2017, where there is a significant increase in repeat Dispensing throughout New Zealand due to a one-off event that is outside the control of Providers that occurs as a result of a temporary reduction in the availability of stock in New Zealand of a given Pharmaceutical, we will use our best endeavours to engage with relevant third parties to explore ways in which the impact on Providers of the unexpected increase in repeat Dispensing caused by that event, can be minimised.

### **H31.2 Monitoring for the Renewal Period (1 July 2016 to 30 June 2017)**

- (a) The parties will, through CPSOG and CPSGG, actively monitor the actual Handling Fees, Service Fees and any other amounts (excluding the subsidy cost of the Pharmaceuticals and amounts payable as a margin towards the procurement and stockholding costs of Pharmaceuticals) paid to all Providers, and the Handling Fees, Service Fees and other amounts (excluding the subsidy cost of the Pharmaceuticals and amounts payable as a margin towards the procurement and stockholding costs of Pharmaceuticals) projected to be paid to all Providers, in respect of Services performed during the Renewal Period, against the Targeted Expenditure Range.
- (b) The monthly monitoring information provided to CPSOG and CPSGG will continue to be available online for Providers to access.

### **H31.3 Projected expenditure outside the Targeted Expenditure Range**

- (a) The Dispensing projections undertaken by (or on behalf of) DHBs in accordance with clause H31.1 are to be monitored by (or on behalf of) DHBs and reviewed by CPSOG throughout the Renewal Period.
- (b) If, in the opinion of the DHBs, the Handling Fees, Service Fees and any other amounts (excluding the subsidy cost of the Pharmaceuticals and amounts payable as a margin towards the procurement and stockholding costs of Pharmaceuticals) projected to be paid to all Providers in respect of Services performed by all Providers during the Renewal Period ever equals an amount that is outside the Targeted Expenditure Range, the process set out in clause H31.4 below is to be followed.

### **H31.4 Consultation process and agreed response**

Where clause H31.3(b) applies, CPSGG will consider what fair and reasonable actions could be taken by DHBs and Providers to increase the likelihood that the total amounts paid by all DHBs to all Providers as Handling Fees, Service Fees and any other amounts (excluding the subsidy cost of the Pharmaceuticals and amounts payable as a margin towards the procurement and stockholding costs of Pharmaceuticals) in respect of Services provided during the Renewal Period will fall within the Targeted Expenditure Range. CPSGG will make a recommendation to the 20-DHB Collective which will in turn consider CPSGG's recommendation before engaging with Providers on what actions could be taken. DHBs and Providers will then, in good faith, discuss what actions (if any) are to be taken to increase the likelihood that the total amount paid by all DHBs to all Providers as Handling Fees, Service Fees and any other amounts (excluding the subsidy cost of the Pharmaceuticals and amounts payable as a margin towards the procurement and stockholding costs of Pharmaceuticals) for providing Services during the Renewal Period will fall within the Targeted Expenditure Range and will use their best endeavours to implement such actions.

### **H31.5 Wash-up provisions applying to the Renewal Period (1 July 2016 to 30 June 2017)**

- (a) The review provisions set out in clause H30 (other than clause H30.4) will apply to the Renewal Period. To the extent necessary, from 1 July 2016, references in clause H30 to "financial year", "prior financial year", "annual review process", "12 month period", and the reference to 1 July to 30 June in the definition of Annual Payment Adjustment are to be read as referring to the Renewal Period (as adjusted if all Agreements with all Providers have been terminated early in accordance with clause O9.1(i)). From 1 July 2016, any adjustments for the Renewal Period that are required under clause H30 will be made following the earlier of termination of this Agreement or 30 June 2017, as applicable.
- (b) Where this Agreement is terminated at any time following the commencement of the Renewal Period but prior to 30 June 2017, or expires on 30 June 2017, we will undertake a wash-up in accordance with clause H30 (modified as necessary in accordance with paragraph (a) above). If, after that wash-up, it is apparent that the amount of Handling Fees, Service Fees and any other amounts (excluding the subsidy cost of the Pharmaceuticals and amounts payable as a margin towards the procurement and stockholding costs of Pharmaceuticals) paid or payable to all Providers in respect of Dispensing undertaken for the Renewal Period (or part thereof) equals an amount that is less than \$380,932,798.50 over the full Renewal Period (or pro-rated using the Early Termination Wash-up Milestone amounts where the Agreement terminates prior to the end of the full Renewal Period), any such difference between the actual amounts paid or payable and the \$380,932,798.50 over the full Renewal Period (or pro-rated using the Early Termination Wash-up Milestone amounts where the Agreement terminates prior to the end of the full Renewal Period), will be paid to Providers based on a pro-rata share of the share of actual Handling Fees and Service Fees paid or payable in relation to Prescription Items Dispensed by you when providing Core Pharmacy Services and LTC Pharmacy Service for the relevant period, including the LTC Pharmacy Services Fee.
- (c) For the avoidance of doubt, clause H29 (which describes the quarterly Service Fee recalculation for A3 and J3 transactions process) will continue to apply to Dispensing activity that occurs during the Renewal Period).

**H31.6 Early Termination Wash-up Milestone amounts**

For the purposes of clauses B2.3(f), H31.1 and H31.5 of this Agreement, the Early Termination Wash-up Milestone amounts applicable during the Renewal Period are as set out in the table below.

Month	Amount	Percentage of minimum amount
July 2016	\$31,856,360	8%
August 2016	\$66,096,055	17%
September 2016	\$99,055,618	26%
October 2016	\$130,307,206	34%
November 2016	\$162,768,381	43%
December 2016	\$195,217,190	51%
January 2017	\$224,637,711	59%
February 2017	\$253,401,932	67%
March 2017	\$286,502,431	75%
April 2017	\$314,592,418	83%
May 2017	\$348,519,909	91%
June 2017	\$380,932,799	100%

**H32 Agreed expenditure for the 2017/18 Financial Year**

**H32.1 Service Fees applicable to the 2017/18 Financial Year**

We both acknowledge that:

- (a) the minimum total amount of Handling Fees, Service Fees and any other amounts (excluding the subsidy cost of the Pharmaceuticals, any expenditure paid to Providers for those Services that are provided pursuant to Part P of Providers' respective agreements and for New Services Initiatives) that will be paid by all DHBs to all Providers during the 2017/18 Financial Year will be the sum of the total Handling Fees, Service Fees and any other amounts paid by all DHBs to all Providers during the 2016/17 Financial Year as audited (excluding the subsidy cost of the Pharmaceuticals and any expenditure paid to Providers for those Services that are provided pursuant to Part P of Providers' respective agreements) (the **Agreed Expenditure**);
- (b) during the 2017/18 Financial Year, we will both continue to comply with the terms of this Agreement and (assuming compliance) act consistently with previous conduct. In particular, you agree that you will not act in a way that increases artificially your revenue from us by Dispensing Pharmaceuticals more frequently than is necessary or otherwise breaching clause H6 (Cost or volume shifting and unnecessary Dispensing). For the avoidance of doubt, by submitting any Claim under this Agreement you are certifying to us that your Dispensing activity is compliant with the Prescription Form, the Pharmaceutical Schedule and the terms of this Agreement; and

- (c) during the 2017/18 Financial Year, where there is a significant increase in repeat Dispensing throughout New Zealand due to a one-off event that is outside the control of Providers that occurs, for example, as a result of a temporary reduction in the availability of stock in New Zealand of a given Pharmaceutical or a specific supply decision made by PHARMAC, then we will engage directly with PHARMAC, and will use our best endeavours to engage with other relevant third parties (if any), in a timely manner, to explore ways in which the impact on Providers of the unexpected increase in repeat Dispensing caused by that event can be minimised.

### **H32.2 Monitoring for the 2017/18 Financial Year**

- (a) We will actively monitor:
- (i) the actual Handling Fees, Service Fees and any other amounts (excluding the subsidy cost of the Pharmaceuticals and any expenditure paid to Providers for those Services that are provided pursuant to Part P of Providers' respective agreements and for New Services Initiatives) paid to all Providers; and
- (ii) the projected Handling Fees, Service Fees and other amounts (excluding the subsidy cost of the Pharmaceuticals and any expenditure projected to be paid to Providers for those Services that are provided pursuant to Part P of Providers' respective agreements and for New Services Initiatives),
- in respect of Services performed during the 2017/18 Financial Year, against the amount of the Agreed Expenditure. Until audited actual year-end expenditure data is available so that the amount of the Agreed Expenditure can be calculated, a forecast estimate amount of \$425,850,000 will be used as the Agreed Expenditure for the purpose of this paragraph (a).
- (b) The monthly monitoring information will be routinely provided to the Contract Group and will continue to be available online for Providers to access.

### **H32.3 Wash-up provisions applying to the 2017/18 Financial Year**

- (a) The review provisions set out in clause H30 (other than clause H30.4) will apply to the 2017/18 Financial Year provided that the reference in clause H30.5(d)(ii) to a "\$5.38 Handling Fee" is deleted and replaced with a reference to a "\$5.44 Handling Fee". To the extent necessary, from 1 July 2017, references in clause H30 to "financial year", "prior financial year", "annual review process", "12 month period", and the reference to 1 July to 30 June in the definition of Annual Payment Adjustment are to be read as referring to the 2017/18 Financial Year. From 1 July 2017, any adjustments for the 2017/18 Financial Year that are required under clause H30 will be made following 30 June 2018.
- (b) As soon as practicable following 30 June 2018, we will undertake a wash-up in accordance with clause H30 (modified as necessary in accordance with paragraph (a) above). If, after that wash-up, it is apparent that the total amount of Handling Fees, Service Fees and any other amounts (excluding the subsidy cost of the Pharmaceuticals and any expenditure paid to Providers for those Services that are provided pursuant to Part P of Providers' respective agreements and for New Services Initiatives) paid or payable to all Providers during the 2017/18 Financial Year equals an amount that is less than Agreed Expenditure for the 2017/18 Financial Year, any such difference between the actual amounts paid or payable and the Agreed Expenditure over the full 2017/18 Financial Year, will be paid to Providers based on a pro-rata share of the share of actual Handling Fees, Service Fees and amounts payable as a margin towards the procurement and stockholding costs of Pharmaceuticals paid or payable in relation to Prescription Items Dispensed by you when providing Core Pharmacy Services and LTC Pharmacy Service for the 2017/18 Financial Year, including the LTC Pharmacy Services Fee.
- (c) For the avoidance of doubt, clause H29 (which describes the quarterly Service Fee recalculation for A3 and J3 transactions process) will continue to apply to Dispensing activity that occurs during the 2017/18 Financial Year.

### H33 Total Expenditure for New Service Initiatives

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#### H33.1 Total expenditure for New Service Initiatives for the 2017/18 Financial Year

- (a) The 20-DHB Collective has agreed to make a total amount of \$4,100,000 available for the funding of New Services Initiatives over the 2017/18 Financial Year (**Total New Services Funding**). Subject to clause H33.1(c), the Total New Services Funding will be initially apportioned to those services comprising the New Services Initiatives as follows:
- (i) LTC Pharmacy Services: \$2,400,000;
  - (ii) Workforce Development: \$1,100,000; and
  - (iii) Smoking Cessation Service: \$600,000.
- (b) The Total New Services Funding will be allocated across each of the 20 DHB geographical areas based on PBFF or other appropriate mechanism as determined by the 20-DHB Collective (**Allocated New Services Funding**). We agree to use our best endeavours to ensure that the total amounts paid by us to all Providers within our DHB geographical area for the provision of the Services that comprise the New Services Initiatives during the 2017/18 Financial Year will equal our DHB's Allocated New Services Funding. The parties will, through the Contract Group, actively monitor the actual payments made to Providers by all DHBs for the provision of those Services that comprise the New Services Initiatives. The Contract Group will meet and review the monitoring information quarterly, as a minimum, during the 2017/18 Financial Year and if necessary to undertake more active monitoring after 6 months.
- (c) If, in the reasonable opinion of the Contract Group, the amount projected to be paid to all Providers in a DHB's geographical area by the relevant DHB is outside that DHB's Allocated New Services Funding, then the Contract Group will recommend what fair and reasonable actions could be taken by the affected DHB(s) and Provider(s) to enable the Allocated New Services Funding to be paid by the affected DHB(s). The 20-DHB Collective will consider those recommendations and discuss what actions are to be taken before engaging with the affected DHBs and Providers. For the purpose of this clause H33.1(c), "fair and reasonable actions" could include revising the initial relative apportionment of the Allocated New Services Funding between those services comprising the New Services Initiatives.

#### H33.2 Implementation of New Service Initiatives for the 2017/18 Financial Year

We agree to make our Allocated New Services Funding available for the following New Service Initiatives in our DHB's geographical area:

- (a) LTC Pharmacy Services: The DHB-Collective has agreed that the LTC Access Criteria will be revised by the DHBs to enable a total additional 9,520 new Service Users who are mental health patients to become eligible to receive LTC Pharmacy Services nationally during the 2017/18 Financial Year. We will make our Allocated New Services Funding available to enable our allocation of those Service Users to receive LTC Pharmacy Services in our DHB's geographical area;
- (b) Workforce development: We will make our Allocated New Services Funding available for staff professional development to all Pharmacy Providers with whom we have an agreement. We will establish tiers of Pharmacy Providers (based on a nationally consistent market share<sup>15</sup>), with different funding amounts available to different tiers of Pharmacy Providers, and will notify this to you. A (non-exhaustive) list will be made

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<sup>15</sup> based on a pro-rata share of the share of actual Handling Fees, Service Fees and amounts payable as a margin towards the procurement and stockholding costs of Pharmaceuticals paid or payable in relation to Prescription Items Dispensed by you when providing Core Pharmacy Services and LTC Pharmacy Service during the 2016 calendar year, including the LTC Pharmacy Services Fee.

publicly available of acceptable Workforce Development initiatives. Should you wish to undertake other initiatives outside of this list then you will need our written approval. We will pay you (your allocated amount based on your tier) upon receipt of a valid tax invoice and where evidence has been provided to, and accepted by, us of the approved staff development activities having taken place; and/or

- (c) Smoking cessation: We will (in conjunction with the other DHBs) develop a service specification for a nationally consistent smoking cessation service and payment terms for such service, and will notify this to you. You may claim and we will pay you for provision of these services at a nationally agreed rate for delivery, following decisions by the 20-DHB Collective on Contract Group recommendations, in accordance with the payment terms notified to you.

# Schedule H1. Payment terms

## 1 Subsidised Pharmaceutical Services and Prescription Items

Subsidised Prescription Items are those where the Pharmaceutical is eligible for subsidy according to the terms and conditions of the Pharmaceutical Schedule current at the time the Prescription Item is Dispensed by you.

## 2 Payment calculations for Services and Pharmaceuticals

### 2.1 Payment for Services and Pharmaceuticals

This Agreement is introducing a new three-tiered service and funding model which is different to the service and funding model that Pharmacists have been previously familiar with. The new service model introduces three patient categories: Core Pharmacy Services; LTC Pharmacy Services; and Specific Pharmacy Services. The funding arrangements which will support the new service model include a patient service fee for the patient service type and a handling fee to recognise the medicines handling function.

We both acknowledge and agree that these changes to the service and funding model represent a significant shift from the model which applied prior to the Commencement Date. As such, a transitional period will apply to ensure the shift from one funding model to another goes as smoothly as possible.

Clauses 2.2 to 2.6 of this Schedule H1 set out the funding model that is intended to apply after the transitional period is over (in three (3) years' time).<sup>16</sup> This is set out first to show where we envisage being after the transitional period. We both acknowledge and agree that as we proceed through the transitional period, refinements to the final funding model may be made as these are identified to ensure that the funding model works smoothly for both parties by the time the transitional period is over.

During the transitional period, alternative funding arrangements will apply. These are set out in clause 3 of this Schedule H1.

Accordingly, from the date that we advise you that clauses 2.2 to 2.6 of this Schedule H1 apply, by giving you written notice of that date and referencing this clause (being a date no earlier than 1 July 2014) you may claim, and we will pay you, for providing the Services and Dispensing Pharmaceuticals under this Agreement, in accordance with the various formulae specified in clauses 2.3 to 2.6.

### 2.2 Handling Fees and Multipliers and Service Fees

- (a) The Handling Fee for each Pharmaceutical Dispensed is \$1.01.  
(b) **Handling Fee Multiplier**

The Handling Fee Multiplier means the amount, in respect of the relevant Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services), by which the Handling Fee is multiplied, as set out in the table below.

PU ID	Services	Handling Fee Multiplier
PH1001	Core Pharmacy Services	1.00
PH1028	LTC Pharmacy Services	1.00
PH1029	ARRC Pharmacy Services and CRC Pharmacy Services	5.30
PH1006	Class B Controlled Drug Services (including Pharmacy Services for Opioid Dependence)	6.89
PH1010	Aseptic Pharmacy Services	26.50
PH1025	Sterile Manufacturing Services	26.50

<sup>16</sup> The transitional period is over, and clauses 2.2 to 2.6 now apply.

PH1003	Special Foods Services	5.30
PH1008	Pharmacy Clozapine Services	10.60
PH1002	Extemporaneously Compounded Preparations Services	7.95
PH1004	Named Patient Pharmaceutical Assessment (NPPA) Services A	5.30
PH1005	Named Patient Pharmaceutical Assessment (NPPA) Services B	7.95

(c) The Service Fee means the amount in respect of the Core Pharmacy Services, LTC Pharmacy Services or relevant Specific Pharmacy Services, as set out in the table below:

<b>Services</b>	<b>Service Fee (while Stage 4 Mechanism applies)</b>
Core Pharmacy Services	Where clause 2.3(c) of Schedule H1 applies, the Service Fee shall be as set out in clause H28.2 in respect of Initial Items and as set out in clause H28.3 in respect of Repeat Items.
LTC Pharmacy Services	(A) Where clause 2.4(c) of Schedule H1 applies, for the purpose of clause 2.4(c)(i) of Schedule H1 the Service Fee shall be as follows:  <b>LTC Pharmacy Services Fee - \$21.00 per month</b>  (B) Where clause 2.4(c) of Schedule H1 applies, for the purpose of clause 2.4(c)(ii) of Schedule H1 and the Stage 4 Mechanism, the Service Fee shall be as set out in clause H28.2 in respect of Initial Items and as set out in clause H28.3 in respect of Repeat Items.
ARRC Pharmacy Services	\$0.00
CRC Pharmacy Services	\$0.00
Class B Controlled Drug Services (including Pharmacy Services for Opioid Dependence)	\$0.00
Aseptic Pharmacy Services	\$0.00
Sterile Manufacturing Services	\$0.00
Special Foods Services	\$0.00
Pharmacy Clozapine Services	\$0.00
Extemporaneously Compounded Preparations Services	\$0.00
Named Patient Pharmaceutical Assessment (NPPA) Services A	\$0.00
Named Patient Pharmaceutical Assessment (NPPA) Services B	\$0.00
Community Pharmacy Anti-coagulation Management Services	\$540 per year per Service User, one twelfth of this amount may be claimed per month

(d) Any Pharmaceutical listed on the Pharmaceutical Schedule that you provide to a Service User pursuant to a Prescription Form, order or NRT Exchange Card will be allocated to one of the following Purchase Units by us. Your ability to claim for any of these Purchase Units depends on whether the Purchase Units are contained in the service specifications set out in Schedule C1 of this Agreement:



- (i) **PH1001** (Core Pharmacy Services) for services relating to the provision of general Pharmaceuticals Dispensed to Service Users receiving Core Pharmacy Services. This group excludes the provision of any Services or the Dispensing of any Pharmaceuticals contained in any other Purchase Unit;
- (ii) **PH1002** (Extemporaneously Compounded Preparations Services) for services relating to the provision of Extemporaneously Compounded Preparations that are not available as a proprietary product and are therefore required to be compounded by you. For an Extemporaneously Compounded Preparation to be subsidised under this Agreement, it must contain two or more subsidised component Pharmaceuticals listed in the Pharmaceutical Schedule. It does not include reconstitution of antibiotic liquids;
- (iii) **PH1003** (Special Foods Services) for services relating to the provision of Special Foods as listed in the Pharmaceutical Schedule;
- (iv) **PH1004** (Named Patient Pharmaceutical Assessment (NPPA) Services A (Pharmaceuticals on the Pharmaceutical Schedule)] for services relating to the provision of pharmaceuticals where the pharmaceuticals are already listed on the Pharmaceutical Schedule subject to special terms and conditions, and circumstances exist outside those terms and conditions which warrant the funding of these pharmaceuticals under the Named Patient Pharmaceutical Assessment (NPPA) mechanism;
- (v) **PH1005** Named Patient Pharmaceutical Assessment (NPPA) Services B (Pharmaceuticals not on the Pharmaceutical Schedule) for services relating to the provision of pharmaceuticals where the pharmaceuticals are not listed on the Pharmaceutical Schedule but circumstances exist which warrant the funding of these pharmaceuticals under the Named Patient Pharmaceutical Assessment (NPPA) mechanism;
- (vi) **PH1006** (Class B Controlled Drug Services - including Pharmacy Methadone Services for Opioid Dependence) for services relating to the provision of Class B Controlled Drugs, as defined in the Misuse of Drugs Act 1975;
- (vii) **PH1028** (LTC Pharmacy Services) for the provision of LTC Pharmacy Services to Service Users registered to receive LTC Pharmacy Services;
- (viii) **PH1008** (Pharmacy Clozapine Services (Monitored Medicine Therapy Services)) for services relating to the provision of Pharmaceuticals that have significant additional requirements above those of Pharmaceuticals included in Purchase Unit 1001. The provision of these Pharmaceuticals is likely to involve the review of Service User diagnostic tests or telephone consultations with the Prescriber each time the Pharmaceutical is Dispensed. The list of Pharmaceuticals in this Purchase Unit will be maintained by us or our agent (e.g. Clozapine);
- (ix) **PH1029** (ARRC Pharmacy Services) for services relating to the provision of ARRC Pharmacy Services to ARRC Service Users;
- (x) **PH1010** (Aseptic Pharmacy Services) for services relating to the provision of Pharmaceuticals requiring compounding in an aseptic environment; and
- (xi) **PH1025** (Sterile Manufacturing Services) for services relating to the provision of Pharmaceuticals requiring sterile as distinct from aseptic manufacturing, including eye drops.
- (xii) **PH1035** (CRC Pharmacy Services) for services relating to the provision of CRC Pharmacy Services to CRC Service Users.

### 2.3 Core Pharmacy Services

- (a) You will claim and we will pay you, for providing Pharmaceuticals listed on the Pharmaceutical Schedule that are Dispensed when providing Core Pharmacy Services to Service Users in accordance with the following formula:

$$R = ((Sc + (Sc \times M) + PF + (HF \times HFM)) \times GST) - CoP$$

where:

**R** = the transaction payment that we will pay you for provision of Core Pharmacy Services for each Pharmaceutical Dispensed when providing those Core Pharmacy Services to Service Users;

- Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:
- (a) 0.03 (i.e. a margin of 3%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00 as specified in the Pharmaceutical Schedule;
- PF** = the per pack fee (being an additional margin towards the procurement and stockholding costs) of \$0.240 for the subsidised pack of the relevant Pharmaceutical as listed in the Pharmaceutical Schedule (pro-rated where less than the full pack of the relevant Pharmaceutical, as listed in the Pharmaceutical Schedule, is Dispensed);
- HF** = the Handling Fee, being the fee as set out in 2.2(a) above;
- HFM** = the Handling Fee Multiplier, being the relevant multiplier for Dispensing Pharmaceuticals for Core Pharmacy Services as set out in 2.2(b) of this Schedule H1;
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate; and
- CoP** = the Service User Co-payment contribution (if any), as outlined in clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

- (b) You will claim and we will pay you, based on the claims above, the Service Fee set out in 2.2(c) above, for providing Core Pharmacy Services to a Service User, if:
  - (i) Pharmaceuticals listed on the Pharmaceutical Schedule are Dispensed to a Service User when providing Core Pharmacy Services; and
  - (ii) one of those Pharmaceuticals Dispensed is an Initial Item; and
  - (iii) you have not previously Dispensed Pharmaceuticals to that Service User on the same day where one of those Pharmaceuticals previously Dispensed was an Initial Item.
- (c) From the date that we advise you in writing that Stage 4 Mechanism shall be used to pay Service Fees for Core Pharmacy Services, we will pay you Service Fees for providing Core Pharmacy Services, in accordance with Stage 4 Mechanism.
- (d) You will claim and we will pay you, for providing Pharmaceuticals listed on the Pharmaceutical Schedule that are Dispensed pursuant to a Practitioner Supply Order or Bulk Supply Order in accordance with the following formula:

$$R = (Sc + (Sc \times M) + PF + (HF \times HFM)) \times GST$$

where:

- R** = the transaction payment that we will pay you for provision of each Pharmaceutical Dispensed pursuant to a Practitioner Supply Order or Bulk Supply Order;
- Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:
- (a) 0.03 (i.e. a margin of 3%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00 as specified in the Pharmaceutical Schedule;

- PF** = the per pack fee (being an additional margin towards the procurement and stockholding costs) of \$0.240 for the subsidised pack of the relevant Pharmaceutical as listed in the Pharmaceutical Schedule (pro-rated where less than the full pack of the relevant Pharmaceutical, as listed in the Pharmaceutical Schedule, is Dispensed);
- HF** = the Handling Fee, being the fee as set out in 2.2(a) above;
- HFM** = the Handling Fee Multiplier, being the relevant multiplier for the Dispensing Pharmaceuticals under a Practitioner Supply Order or a Bulk Supply Order, being a multiplier of 5.30; and
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate.

## 2.4 LTC Pharmacy Services (including Pharmacy High Needs Adherence Management (PHAM) Services)

- (a) You will claim and we will pay you, for providing Pharmaceuticals listed on the Pharmaceutical Schedule that are Dispensed to Service Users who are registered with your Pharmacy as receiving LTC Pharmacy Services in accordance with the following formula:

$$R = ((Sc + (Sc \times M) + PF + (HF \times HFM)) \times GST) - CoP$$

where:

- R** = the transaction payment that we will pay you for provision of each Pharmaceutical Dispensed when providing LTC Pharmacy Services;
- Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:
- (a) 0.03 (i.e. a margin of 3%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00 as specified in the Pharmaceutical Schedule;
- PF** = the per pack fee (being an additional margin towards the procurement and stockholding costs) of \$0.240 for the subsidised pack of the relevant Pharmaceutical as listed in the Pharmaceutical Schedule (pro-rated where less than the full pack of the relevant Pharmaceutical, as listed in the Pharmaceutical Schedule, is Dispensed);
- HF** = the Handling Fee, being the fee as set out in 2.2(a) above;
- HFM** = the Handling Fee Multiplier, being the relevant multiplier for the Dispensing Pharmaceuticals for LTC Pharmacy Services as set out in 2.2(b) of this Schedule H1;
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate; and
- CoP** = the Service User Co-payment contribution (if any), as outlined in clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

- (b) In addition to the individual claims that will be made for Pharmaceuticals Dispensed to Service Users registered to receive LTC Pharmacy Services in accordance with the formula set out in clause 2.4(a) above, we will pay you a monthly Service Fee for providing LTC Pharmacy Services in respect of each Service User registered with your Pharmacy as receiving LTC Pharmacy Services as at the Claim Date in accordance with the following formula:

**R = SF x GST**

where:

**R** = the total payment that we will pay you for provision of LTC Pharmacy Services to Service Users registered with your Pharmacy as receiving LTC Pharmaceutical Services;

**SF** = the Service Fee, being the monthly service fee payable for LTC Pharmacy Services, per LTC Pharmacy Services Service User registered with your Pharmacy, being;

(i) the Service Fee listed as '(a) LTC Pharmacy Services Fee' in the Service Fee column, set out in clause 2.2(c) above if the Service User is receiving LTC Pharmacy Services but not Pharmacy High Needs Adherence Management (PHAM) Services; or

(ii) the Service Fee listed as '(a) LTC Pharmacy Services Fee' in the Service Fee column plus the Service Fee listed as '(b) Pharmacy High Needs Adherence Management (PHAM) Services Fee', set out in clause 2.2(c) above if the Service User is receiving Pharmacy High Needs Adherence Management (PHAM) Services;

**GST** = 1.15 or such other amount as correctly reflects the then current GST rate.

(c) From the date that we advise you that Stage 4 Mechanism shall be used to pay a component of the Service Fees for LTC Pharmacy Services:

(i) in addition to the individual claims that will be made for Pharmaceuticals Dispensed to Service Users registered to receive LTC Pharmacy Services in accordance with the formula set out in clause 2.4(a) above, we will pay you a monthly Service Fee for providing LTC Pharmacy Services in respect of each Service User registered with your Pharmacy at the end of the month as receiving LTC Pharmacy Services for that Claim month in accordance with the following formula:

**R = SF x GST**

where:

**R** = the total payment that we will pay you for provision of LTC Pharmacy Services to Service Users registered with your Pharmacy as receiving LTC Pharmacy Services;

**SF** = the Service Fee, being the monthly service fee payable for LTC Pharmacy Services, per LTC Pharmacy Services Service User registered with your Pharmacy, being the Service Fee listed as 'LTC Pharmacy Services Fee' in the Service Fee column, set out in clause 2.2(c) above, subject to the application of clause H12(c) of this Agreement:

**GST** = 1.15 or such other amount as correctly reflects the then current GST rate; and

(ii) in addition to the monthly Service Fee paid to you in accordance with clause 2.4(c)(i) above, we will pay you additional Service Fees for providing LTC Pharmacy Services, in accordance with Stage 4 Mechanism.

**2.5 Specific Pharmacy Services**

(a) You will claim and we will pay you, for providing Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services and Extemporaneously Compounded Preparations Services) and Pharmaceuticals listed on the Pharmaceutical Schedule that are Dispensed when providing Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services and Extemporaneously Compounded Preparations Services) in accordance with the following formula:

$$R = ((Sc + (Sc \times M) + PF + (HF \times HFM)) \times GST) - CoP$$

where:

- R** = the transaction payment that we will pay you for provision of Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services and Extemporaneously Compounded Preparations Services) for each Pharmaceutical Dispensed when providing those Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services and Extemporaneously Compounded Preparations Services);
- Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:
- (a) 0.03 (i.e. a margin of 3%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00 as specified in the Pharmaceutical Schedule;
- PF** = the per pack fee (being an additional margin towards the procurement and stockholding costs) of \$0.240 for the subsidised pack of the relevant Pharmaceutical as listed in the Pharmaceutical Schedule (pro-rated where less than the full pack of the relevant Pharmaceutical, as listed in the Pharmaceutical Schedule, is Dispensed);
- HF** = the Handling Fee, being the fee as set out in 2.2(a) above;
- HF M** = the Handling Fee Multiplier, being the relevant multiplier for the particular Specific Pharmacy Service as set out in 2.2(b) of this Schedule H1;
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate; and
- CoP** = the Service User Co-payment contribution (if any), as outlined in clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

**(b) Named Patient Pharmaceutical Assessment (NPPA) Services A & B**

You will claim, and we will pay you, for Dispensing Named Patient Pharmaceutical Assessment (NPPA) Services A & B Pharmaceuticals in the following circumstances:

- (i) where the Pharmaceutical is already listed on the Pharmaceutical Schedule subject to special terms and conditions, and circumstances exist outside those terms and conditions which warrant the funding of the Pharmaceutical; or
- (ii) where the Pharmaceutical is not listed on the Pharmaceutical Schedule but circumstances exist which warrant the funding of the Pharmaceutical, and otherwise in accordance with the funding policy for Named Patient Pharmaceutical Assessment (NPPA) Services applicable at that time.

**(c) Calculation for Pharmaceuticals on the paper Pharmaceutical Schedule**

Where the circumstances in clause 2.5(b)(i) above apply, you may claim, and we will pay you, for providing such Services and Pharmaceuticals under this Agreement, in accordance with the formula set out in clause 2.5(a) above.

**(d) Calculation for Pharmaceuticals not on Pharmaceutical Schedule**

Where the circumstances in clause 2.5(b)(ii) above apply, you may claim, and we will pay you, for providing such Services and Pharmaceuticals under this Agreement pursuant to a Named Patient Pharmaceutical Assessment (NPPA) authority, in accordance with the following formula:

$$R = ((NPPAc + (HF \times HFM)) \times GST) - CoP$$

where:

**R** = the transaction payment that we will pay you for dispensing and advice services for each Named Patient Pharmaceutical Assessment (NPPA) Pharmaceutical that you provide under this Agreement;

**NPPAc** = Named Patient Pharmaceutical Assessment (NPPA) Product Cost: the GST exclusive invoice price to pharmacy of the minimum purchase order of the Pharmaceutical required to satisfy the requirements of the Pharmaceutical as at the date of Dispensing;

**HF** = the Handling Fee, being the fee as set out in 2.2(a) above;

**HFM** = the Handling Fee Multiplier, being the relevant multiplier for the particular Specific Service as set out in 2.2(b) above;

**GST**= 1.15, or such other amount as correctly reflects the then current GST rate;

**CoP**= the Service User Co-payment contribution (if any), as outlined in Clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

- (e) Notwithstanding paragraphs (c) and (d) above, where the circumstances in paragraph (b)(i) or (ii) above apply, both of us may agree to enter into an alternative arrangement with each other regarding the claiming and payment for providing the Services and Dispensing Pharmaceuticals.
- (f) In addition, you will claim and we will pay you, based on the claims in (a) to (e) above, the Service Fee set out in 2.2(c) above, for providing Specific Pharmacy Services to a Service User, if:
  - (i) Pharmaceuticals listed on the Pharmaceutical Schedule are Dispensed to a Service User when providing Specific Pharmacy Services; and
  - (ii) one of those Pharmaceuticals Dispensed is an Initial Item; and
  - (iii) you have not previously Dispensed Pharmaceuticals to that Service User on the same day where one of those Pharmaceuticals previously Dispensed was an Initial Item.

## 2.6 Extemporaneously Compounded Preparations Services

- (a) You will claim and we will pay you, for providing the Extemporaneously Compounded Preparations Services and Pharmaceuticals listed on the Pharmaceutical Schedule, which involve you extemporaneously compounding those Pharmaceuticals, including Pharmaceuticals that require a syringe for use in a Graseby syringe driver, in accordance with the following formula:

$$R = ((\Sigma Sc + (\Sigma (Sc \times M)) + \Sigma PF + (HF \times HFM)) \times GST) - CoP$$

where:

**R** = the total payment that we will pay you for pharmacy services for each Extemporaneously Compounded Preparations Pharmaceutical that you provide under this Agreement;

**ΣSc** = the sum of the respective GST exclusive subsidies of the component Pharmaceuticals (as listed on the Pharmaceutical Schedule) for the Extemporaneously Compounded Preparation Pharmaceutical as at the date of Dispensing;

- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:
- (a) 0.03 (i.e. a margin of 3%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00, as specified in the Pharmaceutical Schedule;
- ΣPF** = the sum of the per pack fee (being an additional margin towards the procurement and stockholding costs) of \$0.240 for each subsidised pack of the component Pharmaceuticals as listed in the Pharmaceutical Schedule (pro-rated where less than the full pack of the relevant Pharmaceutical, as listed in the Pharmaceutical Schedule, is Dispensed) used in the preparation of the Extemporaneously Compounded Preparation Pharmaceutical;
- HF** = the Handling Fee, being the fee as set out in 2.2(a) above;
- HF** = the Handling Fee Multiplier, being either:
- M**
- (a) a multiplier of 7.95, being the amount by which the Handling Fee for Core Pharmacy Services is multiplied in respect of Extemporaneously Compounded Preparations Services, as set out in the table in clause 2.2(b) above; or
  - (b) a multiplier of 6.89, where you are required to extemporaneously compound a mixture to satisfy the requirements of a Prescription for Pharmacy Methadone Services for Opioid Dependence, being the multiplier for Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence) as set out in the table in clause 2.2(b) above. You agree to identify such extemporaneously compounded methadone mixtures in accordance with the requirements of the Procedures Manual and the Pharmaceutical Transactions Data Specification; or
  - (c) a multiplier of 26.50, where you are required to extemporaneously compound a mixture to satisfy the requirements of a Prescription for syringe driver services, being the multiplier for Aseptic Pharmacy Services as set out in the table in clause 2.2(b) above. You agree to identify such extemporaneously compounded mixtures in accordance with the requirements of the Procedures Manual and the Pharmaceutical Transactions Data Specification;
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate; and
- CoP** = the Service User Co-payment contribution (if any), as outlined in clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

- (b) In addition, we will pay you, based on the claims in (a) above, the Service Fee set out in 2.2(c) above, for providing Extemporaneously Compounded Preparations Services to a Service User, if:
  - (i) Pharmaceuticals listed on the Pharmaceutical Schedule are Dispensed to a Service User when providing Extemporaneously Compounded Preparations Services; and
  - (ii) one of those Pharmaceuticals Dispensed is an Initial Item; and
  - (iii) you have not previously Dispensed Pharmaceuticals to that Service User on the same day where one of those Pharmaceuticals previously Dispensed was an Initial Item.

## 2.7 Quality Incentive Payment

We both acknowledge that any quality incentive payment that may be payable is subject to further negotiation and, once agreed, will be dealt with as a variation to this Agreement in accordance with clauses L2 to L6.

## 2.8 Community Pharmacy Anti-coagulation Management (CPAM) Service

If you are approved as a provider of Community Pharmacy Anti-coagulation Management Services you may claim and we will pay you the following amounts during the term of this Agreement:

- (a) (subject to not having provided this service before) a one-off payment of \$1,600 for establishment costs; and
- (b) a monthly payment per Service User receiving Community Pharmacy Anti-Coagulation Management Services as specified in 2.2(c) of this Schedule H1.

We will pay you for the services you provide in each invoice period so long as our payment Agents (Sector Services), receive a valid GST tax invoice from you. The invoice must meet all legal requirements and must contain the following information:

- Individually numbered invoice (Unique Invoice number)
- Invoice Date (date invoice produced)
- GST Number
- Pharmacy Name
- Claimant Number
- Agreement Number
- Address
- Contact details - phone, fax and email
- Funder Name
- Service Provided
- Volume (if required)
- Period Claiming for
- Amount excluding GST
- GST amount
- Total Amount including GST
- Purchase unit

## 2.9 Rounding Calculations

- (a) Calculations for the prices of Pharmaceuticals are to be rounded upwards to the nearest cent.
- (b) The final amount due in respect of a particular Claim is to be rounded upwards to the nearest cent.

## 2.10 Co-dispensed Opioid Services

For the purpose of claiming for providing Co-dispensed Pharmaceuticals to Service Users who are registered to receive Co-dispensed Opioid Services, the claiming process in clause 2.5 of this Schedule H1 shall be used with the following clarifications:

- (a) Specific Pharmacy Services shall be read to include the provision of Co-dispensed Opioid Services;
- (b) the Handling Fee Multiplier that shall be used for the purpose of the calculation in clause 2.5(a) shall be the Handling Fee Multiplier for ARRC Pharmacy Services; and
- (c) the Service Fee that shall be used for the purpose of clause 2.5(f) shall be the Service Fee for ARRC Pharmacy Services.

## 2.11 Review of pack fee

- (a) For the purposes of the definition of “Negative A3 or J3 Transaction” in clause E1.3 and clauses 2.3(a), 2.3(d), 2.4(a), 2.5(a) and 2.6(a) of this Schedule H1, PF (or the pack fee paid to you as an additional margin towards procurement and stockholding costs for any subsidised pack of a Pharmaceutical listed in the Pharmaceutical Schedule that is Dispensed) will be reviewed by, or on behalf of, the 20-DHB Collective on a quarterly basis. Such review will determine whether, in the view of the 20-DHB Collective, the dollar value of PF should change as a result of any changes in the pack size of Pharmaceuticals as listed on the Pharmaceutical Schedule that have occurred post 1 July 2016, applying the principle in paragraph (b) when making such a determination.
- (b) For the purpose of paragraph (a), the principle to be applied by the 20-DHB Collective is that the funding collectively received by all Providers from all DHBs as a pack fee for



Pharmaceuticals listed on the Pharmaceutical Schedule should not materially change as a result of a change in the pack size of such Pharmaceuticals.

- (c) The 20-DHB Collective will provide the Contract Group with the output of the quarterly reviews conducted under clause 2.11(a).
- (d) Where, as a result of a review under this clause 2.11, the 20-DHB Collective determine that a change in the pack fee is necessary, and accordingly that an amendment to this Agreement is required, we will notify you of the amendment and you will be deemed to have accepted and agreed to that amendment from the date of the next Claim submitted by you under either of clauses 2.3(a), 2.3(d), 2.4(a), 2.5(a) or 2.6(a) following our notification.
- (e) We both acknowledge and agree that (d) above overrides clause L6 to the extent required.

## 2.12 Additional payment for Dispensing Unregistered Medicines

- (a) When you submit a Claim in accordance with this clause 2 of Schedule H1 and one of the Claim Items in that Claim relates to an Unregistered Medicine, we will pay you an additional payment for Dispensing that Unregistered Medicine, in accordance with the following formula:

$$R = ((Sc \times M_2) + AF + CF) \times GST$$

where:

- R** = the additional payment that we will pay you for each Unregistered Medicine that you provide under this Agreement;
- Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
- M<sub>2</sub>** = a top-up margin payment towards the procurement and stockholding costs for the Pharmaceutical, being either:
  - (a) 0.07 (i.e. a margin of 7%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.06 (i.e. a margin of 6%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00, as specified in the Pharmaceutical Schedule;
- AF** = an additional margin fee payment of \$3.00 towards the additional administration costs involved when Dispensing an Unregistered Medicine, provided that only one AF will be payable by us and may be Claimed by you per Service User per Pharmaceutical per calendar month in which the Pharmaceutical was Dispensed;
- CF** = a fee of \$5.30 towards the additional counselling costs involved when Dispensing an Unregistered Medicine, provided that only one CF will be payable by us and may be Claimed by you per Service User per Pharmaceutical per calendar month in which the Pharmaceutical was Dispensed; and
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate.

For the avoidance of doubt:

- no AF or CF will be payable on any subsequent Dispensing of a Pharmaceutical to the same Service User in the same calendar month in which that same Pharmaceutical has already been Dispensed to that Service User; and
  - where more than one Unregistered Medicine is extemporaneously compounded and as such a Claim is submitted in accordance with clause 2.6(a) of Schedule H1 in respect of an Extemporaneously Compounded Preparation, the above formula will be applied in respect of each such Unregistered Medicine.
- (b) Notwithstanding anything to the contrary in this Agreement in respect of the timing of payments, any amount payable by us to you pursuant to this clause 2.12 will be paid in a quarterly lump sum payment. Following the end of each quarter, being, 30 September 2017, 31 December 2017, 31 March 2018 and 30 June 2018 we will calculate the amount that is payable to you pursuant to this clause 2.12 on the basis of any relevant

Claims submitted by you in the relevant quarter in accordance with this Schedule H1.  
 We will then pay to you such amount within two (2) months of the end of the quarter.

### 3 Payment calculations for Services and Pharmaceuticals during the Transition Period

#### 3.1 Stage 1

During the period from 1 July 2012 to an indicative date of 31 January 2013 the provisions in clauses 2.2 to 2.6 of this Schedule H1 will not apply and the various formulae and payments specified in this clause 3.1 will apply in their place:

**(a) Handling Fee**

The Handling Fee for each Pharmaceutical Dispensed is \$1.

**(b) Handling Fee Multiplier**

The Handling Fee Multiplier means the amount, in respect of the relevant Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services), by which the Handling Fee is multiplied, as set out in the table below.

PU ID	Services	Handling Fee Multiplier
PH1001	Core Pharmacy Services	1.00
PH1002	Extemporaneously Compounded Preparations Services	7.95
PH1028	LTC Pharmacy Services	1.00
PH1029	ARRC Pharmacy Services	5.30
PH1006	Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence)	6.89
PH1010	Aseptic Pharmacy Services	26.50
PH1025	Sterile Manufacturing Services	26.50
PH 1003	Special Food Services	5.30
PH1008	Pharmacy Clozapine Services	10.60
PH1004	Named Patient Pharmaceutical Assessment (NPPA) Services A	5.30
PH1005	Named Patient Pharmaceutical Assessment (NPPA) Services B	7.95

**(c) Core Pharmacy Services**

(i) You will claim and we will pay you, for providing Core Pharmacy Services and Pharmaceuticals listed on the Pharmaceutical Schedule that are Dispensed when providing Core Pharmacy Services in accordance with the following formula:

$$R = ((Sc + (Sc \times M) + (HF \times HFM)) \times GST) - CoP$$

where:

**R** = the transaction payment that we will pay you for provision of Core Pharmacy Services for each Pharmaceutical Dispensed when providing those Core Pharmacy Services;

**Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;

**M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:

- (a) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or

- (b) 0.05 (i.e. a margin of 5%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00 as specified in the Pharmaceutical Schedule;

<b>HF</b>	=	the Handling Fee, being the fee as set out in 3.1(a) above;
<b>HFM</b>	=	the Handling Fee Multiplier, being the relevant multiplier for Core Pharmacy Services as set out in clause 3.1(b) of this Schedule;
<b>GST</b>	=	1.15 or such other amount as correctly reflects the then current GST rate;
<b>CoP</b>	=	the Service User Co-payment contribution (if any), as outlined in clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

- (ii) You will claim and we will pay you, based on the claims above, for providing Pharmaceuticals listed on the Pharmaceutical Schedule that are Dispensed pursuant to a Practitioner Supply Order or Bulk Supply Order in accordance with the following formula:

$$R = (Sc + (Sc \times M) + (HF \times HFM)) \times GST$$

where:

<b>R</b>	=	the transaction payment that we will pay you for provision of Pharmaceutical Dispensed pursuant to a Practitioner Supply Order or a Bulk Supply Order;
<b>Sc</b>	=	the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
<b>M</b>	=	a margin towards the procurement and stockholding costs for the Pharmaceutical, being either: (a) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or (b) 0.05 (i.e. a margin of 5%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00 as specified in the Pharmaceutical Schedule;
<b>HF</b>	=	the Handling Fee, being the fee as set out in 3.1(a) above;
<b>HFM</b>	=	the Handling Fee Multiplier, being the relevant multiplier for Dispensing Pharmaceuticals under a Practitioner Supply Order or a Bulk Supply Order, which is 5.30;
<b>GST</b>	=	1.15 or such other amount as correctly reflects the then current GST rate.

During this period adjustments will be made to these claims as detailed under clause H22.3(d).

**(d) LTC Pharmacy Services**

You will claim and we will pay you, for providing LTC Pharmacy Services and Pharmaceuticals listed on the Pharmaceutical Schedule that are Dispensed when providing LTC Pharmacy Services in accordance with the following formula:

$$R = ((Sc + (Sc \times M) + (HF \times HFM)) \times GST) - CoP$$

where:

<b>R</b>	=	the transaction payment that we will pay you for provision of each Pharmaceutical Dispensed when providing LTC Pharmacy Services;
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- Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:
- (a) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.05 (i.e. a margin of 5%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00 as specified in the Pharmaceutical Schedule;
- HF** = the Handling Fee, being the fee as set out in 3.1(a) above;
- HFM** = the Handling Fee Multiplier being the relevant multiplier for the Dispensing Pharmaceuticals for LTC Pharmacy Services as set out in 3.1(b) of this Schedule H1;
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate;
- CoP** = the Service User Co-payment contribution (if any), as outlined in clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

**(e) Specific Pharmacy Services**

You will claim and we will pay you, for providing Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services and Extemporaneously Compounded Preparations Services) and Pharmaceuticals listed on the Pharmaceutical Schedule that are Dispensed to Service Users when providing Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services and Extemporaneously Compounded Preparations Services) in accordance with the following formula:

$$R = ((Sc + (Sc \times M) + (HF \times HFM)) \times GST) - CoP$$

where:

- R** = the transaction payment that we will pay you for provision of Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services) for each Pharmaceutical Dispensed when providing those Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services);
- Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:
- (a) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.05 (i.e. a margin of 5%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00 and for all Special Foods as specified in the Pharmaceutical Schedule; and
- HF** = the Handling Fee, being the fee as set out in 3.1(a) above;
- HFM** = the Handling Fee Multiplier, being the relevant multiplier for the particular Specific Service as set out in 3.1(b) above;
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate;
- CoP** = the Service User Co-payment contribution (if any), as outlined in clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

**(h) Named Patient Pharmaceutical Assessment (NPPA) Services A & B**

You may claim, and we will pay you, for Dispensing Named Patient Pharmaceutical Assessment (NPPA) Services A&B Pharmaceuticals in the following circumstances:

- (i) where the Pharmaceutical is already listed on the Pharmaceutical Schedule subject to special terms and conditions, and circumstances exist outside those terms and conditions which warrant the funding of the Pharmaceutical; or
- (ii) where the Pharmaceutical is not listed on the Pharmaceutical Schedule but circumstances exist which warrant the funding of the Pharmaceutical, and otherwise in accordance with the funding policy for Named Patient Pharmaceutical Assessment (NPPA) Services applicable at that time.
- (iii) Calculation for Pharmaceuticals on the paper Pharmaceutical Schedule  
Where the circumstances in clause 3.1(f)(i) above apply, you may claim, and we will pay you, for providing such Services and Pharmaceuticals under this Agreement, in accordance with the formula set out in clause 3.1(e) above.
- (iv) Calculation for Pharmaceuticals not on Pharmaceutical Schedule  
Where the circumstances in clause 3.1(f)(ii) above apply, you may claim, and we will pay you, for providing such Services and Pharmaceuticals under this Agreement pursuant to a Named Patient Pharmaceutical Assessment (NPPA) authority, in accordance with the following formula:
- (v) Notwithstanding paragraphs (f)(iii) and (iv) above, where the circumstances in paragraph (f)(i) or (ii) above apply, both of us may agree to enter into an alternative arrangement with each other regarding the claiming and payment for providing the Services and Dispensing Pharmaceuticals.

$$R = ((NPPAc + (HF \times HFM)) \times GST) - CoP$$

where:

**R =** the transaction payment that we will pay you for dispensing and advice services for each Named Patient Pharmaceutical Assessment (NPPA) Pharmaceutical that you provide under this Agreement;

**NPPAc =** Named Patient Pharmaceutical Assessment (NPPA) Product Cost: the GST exclusive invoice price to pharmacy of the minimum purchase order of the Pharmaceutical required to satisfy the requirements of the Pharmaceutical as at the date of Dispensing;

**HF =** the Handling Fee, being the fee as set out in 3.1(a) above;

**HFM =** the Handling Fee Multiplier, being the relevant multiplier for the particular Specific Service as set out in 3.1(b) above;

**GST =** 1.15, or such other amount as correctly reflects the then current GST rate;

**CoP =** the Service User Co-payment contribution (if any), as outlined in Clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative

number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

Notwithstanding paragraphs (f)(iii) and (iv) above, where the circumstances in paragraph (f)(i) or (ii) above apply, both of us may agree to enter into an alternative arrangement with each other regarding the claiming and payment for providing the Services and Dispensing Pharmaceuticals.

**(g) Extemporaneously Compounded Preparations Services**

You will claim and we will pay you, for providing the Extemporaneously Compounded Preparations Services and Pharmaceuticals listed in the Pharmaceutical Schedule, which involve you extemporaneously compounding those Pharmaceuticals, including Pharmaceuticals that require a syringe for use in a Graseby syringe driver, in accordance with the following formula:

$$R = ((\Sigma Sc + (\Sigma (Sc \times M)) + (HF \times HFM)) \times GST) - CoP$$

where:

- R** = the transaction payment that we will pay you for pharmacy services for each Extemporaneously Compounded Preparation Pharmaceutical that you provide under this Agreement;
- $\Sigma Sc$**  = the sum of the respective GST exclusive subsidies of the component Pharmaceuticals (as listed on the Pharmaceutical Schedule) for the Extemporaneously Compounded Preparation Pharmaceutical as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical being either:
- (a) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.05 (i.e. a margin of 5%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00, as specified in the Pharmaceutical Schedule;
- HFM** = either:
- (a) a Multiplier of 7.95, being the amount by which the Handling Fee for Core Pharmacy Services is multiplied in respect of Extemporaneously Compounded Preparations Services, as set out in the table in clause 3.1(b) above; or
  - (b) a Multiplier of 6.89, where you are required to extemporaneously compound a mixture to satisfy the requirements of a Prescription for Pharmacy Methadone Services for Opioid Dependence, being the multiplier for Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence) as set out in the table in clause 3.1(b) above. You agree to identify such extemporaneously compounded methadone mixtures in accordance with the requirements of the Procedures Manual and the Pharmaceutical Transactions Data Specification; or
  - (c) a Multiplier of 26.50, where you are required to extemporaneously compound a mixture to satisfy the requirements of a Prescription for syringe driver services, being the multiplier for Aseptic Pharmacy Services as set out in the table in clause 3.1(b) above. You agree to identify such extemporaneously compounded mixtures in accordance with the requirements of the Procedures Manual and the Pharmaceutical Transactions Data Specification;
- GST** = 1.15, or such other amount as correctly reflects the then current GST rate;

**CoP** = the Service User Co-payment contribution (if any), as outlined in clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

**(h) Transition Payment**

- (i) We will pay you a monthly Transition Payment based on your market share of initial items calculated by the process described in clause H22 of Part H.
- (ii) Where the amount calculated in (a) to (g) results in a negative number, the negative amount may be deducted from any Transition Payment payable to you in accordance with the process set out in clause H22 of Part H.

**3.2 Stage 2**

During the period from an indicative date of 1 February 2013 to 30 June 2013 the provisions in clauses 2.2 to 2.6 of this Schedule H1 will not apply and the various formulae and payments specified in this clause 3.2 will apply in their place:

**(a) Core Pharmacy Services**

- (i) You will claim and we will pay you, for providing Pharmaceuticals listed on the Pharmaceutical Schedule that are Dispensed when providing Core Pharmacy Services in accordance with the following formula:

$$R = ((Sc + (Sc \times M) + (HF \times HFM)) \times GST) - CoP$$

where:

- R** = the transaction payment that we will pay you for provision of Core Pharmacy Services for each Pharmaceutical Dispensed when providing those Core Pharmacy Services;
- Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:
  - (a) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.05 (i.e. a margin of 5%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00 as specified in the Pharmaceutical Schedule;
- HF** = the Handling Fee, being the fee as set out in 3.1(a) above;
- HFM** = the Handling Fee Multiplier, being the relevant multiplier for Core Pharmacy Services as set out in clause 3.2(h) of this Schedule;
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate;
- CoP** = the Service User Co-payment contribution (if any), as outlined in clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

- (ii) You will claim and we will pay you the Service Fee set out in 3.2(g) below, for providing Core Pharmacy Services to a Service User, if:
- (I) Pharmaceuticals listed on the Pharmaceutical Schedule are Dispensed to a Service User when providing Core Pharmacy Services; and
  - (II) one of those Pharmaceuticals Dispensed is an Initial Item; and
  - (III) you have not previously Dispensed Pharmaceuticals to that Service User on the same day where one of those Pharmaceuticals previously Dispensed was an Initial Item.

- (iii) You will claim and we will pay you, for providing Pharmaceuticals listed on the Pharmaceutical Schedule that are Dispensed pursuant to a Practitioner Supply Order or Bulk Supply Order in accordance with the following formula:

$$R = (Sc + (Sc \times M) + (HF \times HFM)) \times GST$$

where:

- R** = the transaction payment that we will pay you for provision of Pharmaceutical Dispensed pursuant to a Practitioner Supply Order or a Bulk Supply Order
- Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:
- (a) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.05 (i.e. a margin of 5%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00 as specified in the Pharmaceutical Schedule;
- HF** = the Handling Fee, being the fee as set out in 3.1(a) above;
- HFM** = the Handling Fee Multiplier, being the relevant multiplier for the Dispensing Pharmaceuticals under a Practitioner Supply Order or a Bulk Supply Order, which is 5.30;
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate.

**(b) LTC Pharmacy Services**

- (i) You will claim and we will pay you, for providing Pharmaceuticals listed on the Pharmaceutical Schedule that are Dispensed to Service Users who are registered with your Pharmacy as receiving LTC Pharmacy Services in accordance with the following formula:

$$R = ((Sc + (Sc \times M) + (HF \times HFM)) \times GST) - CoP$$

where:

- R** = the transaction payment that we will pay you for provision of each Pharmaceutical Dispensed when providing LTC Pharmacy Services;
- Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:
- (a) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.05 (i.e. a margin of 5%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00 as specified in the Pharmaceutical Schedule;
- HF** = the Handling Fee, being the fee as set out in 3.1(a) above;
- HFM** = the Handling Fee Multiplier being the relevant multiplier for the Dispensing Pharmaceuticals for LTC Pharmacy Services as set out in 3.2(h) of this Schedule H1;



**GST** = 1.15 or such other amount as correctly reflects the then current GST rate;

**CoP** = the Service User Co-payment contribution (if any), as outlined in clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

- (ii) In addition to the individual claims that will be made for Pharmaceuticals Dispensed to Service Users registered to receive LTC Pharmacy Services in accordance with the formula set out in clause 3.2(b)(i) above, we will pay you a monthly Service Fee for providing LTC Pharmacy Services in respect of each Service User registered with your Pharmacy as receiving LTC Pharmacy Services as at the Claim Date in accordance with the following formula:

**R = SF x GST**

where:

**R** = the total payment that we will pay you for provision of LTC Pharmacy Services to Service Users registered with your Pharmacy as receiving LTC Pharmaceutical Services;

**SF** = the Service Fee, being the monthly service fee payable for LTC Pharmacy Services, per LTC Pharmacy Services Service User registered with your Pharmacy, being;

(A) the Service Fee listed as '(a) LTC Pharmacy Services Fee' in the Service Fee column, set out in clause 3.2(g) below if the Service User is receiving LTC Pharmacy Services but not Pharmacy High Needs Adherence Management (PHAM) Services; or

(B) the Service Fee listed as '(a) LTC Pharmacy Services Fee' in the Service Fee column plus the Service Fee listed as '(b) Pharmacy High Needs Adherence Management (PHAM) Services Fee', set out in clause 3.2(g) below if the Service User is receiving Pharmacy High Needs Adherence Management (PHAM) Services;

**GST** = 1.15 or such other amount as correctly reflects the then current GST rate.

**(c) Specific Pharmacy Services**

- (i) You will claim and we will pay you, for providing Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services and Extemporaneously Compounded Preparations Services) and Pharmaceuticals listed on the Pharmaceutical Schedule that are Dispensed when providing Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services and Extemporaneously Compounded Preparations Services) in accordance with the following formula:

**R = (Sc + (Sc x M) + (HF x HFM)) x GST - CoP**

where:

**R** = the transaction payment that we will pay you for provision of Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services) for each Pharmaceutical Dispensed when providing those Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services);

- Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:
- (a) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.05 (i.e. a margin of 5%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00 and for all Special Foods as specified in the Pharmaceutical Schedule; and
- HF** = the Handling Fee, being the fee as set out in 3.1(a) above;
- HFM** = the Handling Fee Multiplier, being the relevant multiplier for the particular Specific Service as set out in 3.2(h) below;
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate;
- CoP** = the Service User Co-payment contribution (if any), as outlined in clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

- (ii) In addition, we will pay you, based on the claims in (i) above, the Service Fee set out in 3.2(g) below, for providing Specific Pharmacy Services to a Service User, if:
  - (i) Pharmaceuticals listed on the Pharmaceutical Schedule are Dispensed to a Service User when providing Specific Pharmacy Services; and
  - (ii) one of those Pharmaceuticals Dispensed is an Initial Item; and
  - (iii) you have not previously Dispensed Pharmaceuticals to that Service User on the same day where one of those Pharmaceuticals previously Dispensed was an Initial Item.

**(d) Named Patient Pharmaceutical Assessment (NPPA) Services A & B**

You may claim, and we will pay you, for Dispensing Named Patient Pharmaceutical Assessment (NPPA) Services A&B Pharmaceuticals in the following circumstances:

- (i) where the Pharmaceutical is already listed on the Pharmaceutical Schedule subject to special terms and conditions, and circumstances exist outside those terms and conditions which warrant the funding of the Pharmaceutical; or
- (ii) where the Pharmaceutical is not listed on the Pharmaceutical Schedule but circumstances exist which warrant the funding of the Pharmaceutical, and otherwise in accordance with the funding policy for Named Patient Pharmaceutical Assessment (NPPA) Services applicable at that time.
- (iii) Calculation for Pharmaceuticals on the paper Pharmaceutical Schedule  
Where the circumstances in clause 3.2(d)(i) above apply, you may claim, and we will pay you, for providing such Services and Pharmaceuticals under this Agreement, in accordance with the formula set out in clause 3.2(c) above.
- (iv) Calculation for Pharmaceuticals not on Pharmaceutical Schedule  
Where the circumstances in clause 3.2(d)(ii) above apply, you may claim, and we will pay you, for providing such Services and Pharmaceuticals under this

Agreement pursuant to a Named Patient Pharmaceutical Assessment (NPPA) authority, in accordance with the following formula:

- (v) Notwithstanding paragraphs (d)(iii) and (iv) above, where the circumstances in paragraph (d)(i) or (ii) above apply, both of us may agree to enter into an alternative arrangement with each other regarding the claiming and payment for providing the Services and Dispensing Pharmaceuticals.
- (vi) In addition, you will claim and we will pay you, based on the claims in (i) to (v) above, the Service Fee set out in 3.2(g) below, for providing Specific Pharmacy Services to a Service User, if:
  - (i) Pharmaceuticals listed on the Pharmaceutical Schedule are Dispensed to a Service User when providing Specific Pharmacy Services; and
  - (ii) one of those Pharmaceuticals Dispensed is an Initial Item; and
  - (iii) you have not previously Dispensed Pharmaceuticals to that Service User on the same day where one of those Pharmaceuticals previously Dispensed was an Initial Item.

$$R = ((NPPAc + (HF \times HFM)) \times GST) - CoP$$

where:

**R** = the transaction payment that we will pay you for dispensing and advice services for each Named Patient Pharmaceutical Assessment (NPPA) Pharmaceutical that you provide under this Agreement;

**NPPAc** = Named Patient Pharmaceutical Assessment (NPPA) Product Cost: the GST exclusive invoice price to pharmacy of the minimum purchase order of the Pharmaceutical required to satisfy the requirements of the Pharmaceutical as at the date of Dispensing;

**HF** = the Handling Fee, being the fee as set out in 3.1(a) above;

**HFM** = the Handling Fee Multiplier, being the relevant multiplier for the particular Specific Service as set out in 3.2(h) below;

**GST** = 1.15, or such other amount as correctly reflects the then current GST rate;

**CoP** = the Service User Co-payment contribution (if any), as outlined in Clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

Notwithstanding paragraphs (d)(iii) and (iv) above, where the circumstances in paragraph (d)(i) or (ii) above apply, both of us may agree to enter into an alternative arrangement with each other regarding the claiming and payment for providing the Services and Dispensing Pharmaceuticals.

**(e) Extemporaneously Compounded Preparations Services**

- (i) You will claim, and we will pay you, for providing the Extemporaneously Compounded Preparations Services and Pharmaceuticals listed in the Pharmaceutical Schedule, which involve you extemporaneously compounding those Pharmaceuticals, including Pharmaceuticals that require a syringe for use in a Graseby syringe driver, in accordance with the following formula:

$$R = ((\sum Sc + (\sum (Sc \times M)) + (HF \times HFM)) \times GST) - CoP$$

where:

- R** = the transaction payment that we will pay you for pharmacy services for each Extemporaneously Compounded Preparation Pharmaceutical that you provide under this Agreement;
- ΣSc** = the sum of the respective GST exclusive subsidies of the component Pharmaceuticals (as listed on the Pharmaceutical Schedule) for the Extemporaneously Compounded Preparation Pharmaceutical as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical being either:
- (a) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.05 (i.e. a margin of 5%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00, as specified in the Pharmaceutical Schedule;
- HFM** = either:
- (a) a Multiplier of 7.95, being the amount by which the Handling Fee for Core Pharmacy Services is multiplied in respect of Extemporaneously Compounded Preparations Services, as set out in the table in clause 3.2(h) below; or
  - (b) a Multiplier of 6.89, where you are required to extemporaneously compound a mixture to satisfy the requirements of a Prescription for Pharmacy Methadone Services for Opioid Dependence, being the multiplier for Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence) as set out in the table in clause 3.2(h) below. You agree to identify such extemporaneously compounded methadone mixtures in accordance with the requirements of the Procedures Manual and the Pharmaceutical Transactions Data Specification; or
  - (c) a Multiplier of 26.50, where you are required to extemporaneously compound a mixture to satisfy the requirements of a Prescription for syringe driver services, being the multiplier for Aseptic Pharmacy Services as set out in the table in clause 3.2(h) below. You agree to identify such extemporaneously compounded mixtures in accordance with the requirements of the Procedures Manual and the Pharmaceutical Transactions Data Specification;
- GST** = 1.15, or such other amount as correctly reflects the then current GST rate;
- CoP** = the Service User Co-payment contribution (if any), as outlined in clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

- (ii) In addition, we will pay you, based on the claims in (i) above, the Service Fee set out in 3.2(g) below, for providing Extemporaneously Compounded Preparations Services to a Service User, if:

- (i) Pharmaceuticals listed on the Pharmaceutical Schedule are Dispensed to a Service User when providing Extemporaneously Compounded Preparations Services; and
- (ii) one of those Pharmaceuticals Dispensed is an Initial Item; and
- (iii) you have not previously Dispensed Pharmaceuticals to that Service User on the same day where one of those Pharmaceuticals previously Dispensed was an Initial Item.

**(f) Transition Payment**

- (i) We will pay you a monthly Transition Payment based on your market share of initial items calculated by the process described in clause H22 of Part P.
- (ii) Where the amount calculated in (a) to (e) results in a negative number, the negative amount may be deducted from any Transition Payment payable to you in accordance with the process set out in clause H22 of Part H.

**(g) Service Fee**

The Service Fee means the amount in respect of the Core Pharmacy Services, LTC Pharmacy Services or relevant Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services), as set out in the table below:

<b>Services</b>	<b>Service Fee</b>
Core Pharmacy Services	\$3.40.
LTC Pharmacy Services	(a) <b>LTC Pharmacy Services Fee</b> \$130 (per year).  (b) <b>Pharmacy High Needs Adherence Management (PHAM) Services Fee</b> \$43.32 per month.
ARRC Pharmacy Services	\$0.00.
Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence)	\$0.00.
Aseptic Pharmacy Services	\$0.00.
Sterile Manufacturing Services	\$0.00.
Special Foods Services	\$0.00.
Pharmacy Clozapine Services	\$0.00.
Extemporaneously Compounded Preparations Services	\$0.00.
Named Patient Pharmaceutical Assessment (NPPA) Services A	\$0.00.
Named Patient Pharmaceutical Assessment (NPPA) Services B	\$0.00.
CRC Pharmacy Services	\$0.00.

**(h) Handling Fee Multiplier**

The Handling Fee Multiplier means the amount, in respect of the relevant Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services), by which the Handling Fee is multiplied, as set out in the table below.

<b>PU ID</b>	<b>Services</b>	<b>Handling Fee Multiplier</b>
PH1001	Core Pharmacy Services	1.00.
PH1002	Extemporaneously Compounded Preparations Services	7.95.
PH1028	LTC Pharmacy Services	1.00.
PH1029	ARRC Pharmacy Services	5.30.
PH1006	Class B Controlled Drug Services (including Pharmacy Methadone	6.89.

	Services for Opioid Dependence)	
PH1010	Aseptic Pharmacy Services	26.50.
PH1025	Sterile Manufacturing Services	26.50.
PH 1003	Special Food Services	5.30.
PH1008	Pharmacy Clozapine Services	10.60.
PH1004	Named Patient Pharmaceutical Assessment (NPPA) Services A	5.30.
PH1005	Named Patient Pharmaceutical Assessment (NPPA) Services B	7.95.
PH1035	CRC Pharmacy Services	5.30.

**(i) Quality Incentive Payment**

We both acknowledge that any quality incentive payment that may be payable is subject to further negotiation and, once agreed, will be dealt with as a variation to this Agreement in accordance with clauses L2 to L6.

**3.3 Stage 3**

During the period from 1 July 2013 to 30 June 2014 the provisions in clauses 2.2 to 2.6 of this Schedule H1 will not apply and the various formulae and payments specified in this clause 3.3 will apply in their place:

**(a) Core Pharmacy Services**

- (i) You will claim and we will pay you, for providing Core Pharmacy Services and Pharmaceuticals listed on the Pharmaceutical Schedule that are Dispensed when providing Core Pharmacy Services in accordance with the following formula:

$$R = ((Sc + (Sc \times M) + (HF \times HFM)) \times GST) - CoP$$

where:

- R** = the transaction payment that we will pay you for provision of Core Pharmacy Services for each Pharmaceutical Dispensed when providing those Core Pharmacy Services;
- Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:
- (a) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.05 (i.e. a margin of 5%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00 as specified in the Pharmaceutical Schedule;
- HF** = the Handling Fee, being the fee as set out in 3.1(a) above;
- HFM** = the Handling Fee Multiplier, being the relevant multiplier for Core Pharmacy Services as set out in clause 3.3(h) of this Schedule;
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate;
- CoP** = the Service User Co-payment contribution (if any), as outlined in clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

- (ii) In addition to the individual claims that will be made for Pharmaceuticals Dispensed to Service Users who receive Core Pharmacy Services in accordance with the formula set out in clause 3.3(a)(i) above, we will automatically pay you a Service Fee calculated using the Service Fee set out in clause 3.3(g) below, for providing Core Pharmacy Services, on the following basis:
- (I) on the first Business Day of each month you will receive an amount for providing Core Pharmacy Services for that month on the basis of our forecast of the number of initial items your Pharmacy is likely to dispense during that month multiplied by the Service Fee for Core Pharmacy Services set out in clause 3.3(g) below;
  - (II) on the first Business Day of the fourth month following receipt of an amount specified in (I) above, you will receive an adjustment to the amount you have already been paid (which was calculated in accordance with clause 3.3(a)(ii)(I) above), to be determined by using the actual number of initial items your Pharmacy has dispensed during that month multiplied by the Service Fee for Core Pharmacy Services set out in clause 3.3(g) below. If the difference between the actual amount calculated under this clause 3.3(a)(ii)(II) and the amount you were paid in advance under clause 3.3(a)(ii)(I) (when deducting the amount of the advance payment from the actual amount) is:
    - (a) a positive number, you will receive an additional payment (for the amount of difference) payable on the first Business Day of that month, payable with the Service Fee payment for providing Core Pharmacy Services that you are receiving for the current month; or
    - (b) a negative number, we will deduct that amount from the Service Fee payment you are due to receive for providing Core Pharmacy Services that you are receiving for the current month;
  - (III) if at the end of stage 3 of the transition period there is an adjustment amount that is payable to you but Service Fees for providing Core Pharmacy Services are no longer paid in advance in the manner set out in this clause 3.3(a)(ii), we will nevertheless pay the amount owing to you under clause 3.3(a)(ii)(II) on the first Business Day of the month in which it would otherwise have been payable under that clause; and
  - (IV) if at the end of stage 3 of the transition period there is an adjustment amount that is owing by you to us, but Service Fees for providing Core Pharmacy Services are no longer paid in advance in the manner set out in this clause 3.3(a)(ii), clause H15 will apply.

For the purpose of this clause, no Pharmaceutical Dispensed or likely to be Dispensed when providing Co-dispensed Opioid Services or any of the Specific Pharmacy Services will be treated as an initial item for the purpose of any of the calculations undertaken under this clause.

- (iii) You will claim and we will pay you, for providing Pharmaceuticals listed on the Pharmaceutical Schedule that are Dispensed pursuant to a Practitioner Supply Order or Bulk Supply Order in accordance with the following formula:

$$R = (Sc + (Sc \times M) + (HF \times HFM)) \times GST$$

where:

- R** = the transaction payment that we will pay you for provision of Pharmaceutical Dispensed pursuant to a Practitioner Supply Order or a Bulk Supply Order;
- Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:
- (a) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.05 (i.e. a margin of 5%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or

greater than \$150.00 as specified in the Pharmaceutical Schedule;

- HF** = the Handling Fee, being the fee as set out in 3.1(a) above;
- HFM** = the Handling Fee Multiplier, being the relevant multiplier for the Dispensing Pharmaceuticals under a Practitioner Supply Order or a Bulk Supply Order, which is 5.30;
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate.

**(b) LTC Pharmacy Services**

- (i) You will claim and we will pay you, for providing Pharmaceuticals listed on the Pharmaceutical Schedule that are Dispensed to Service Users who are registered with your Pharmacy as receiving LTC Pharmacy Services in accordance with the following formula:

$$R = ((Sc + (Sc \times M) + (HF \times HFM)) \times GST) - CoP$$

where:

- R** = the transaction payment that we will pay you for provision of each Pharmaceutical Dispensed when providing LTC Pharmacy Services;
- Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:
- (a) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.05 (i.e. a margin of 5%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00 as specified in the Pharmaceutical Schedule;
- HF** = the Handling Fee, being the fee as set out in 3.1(a) above;
- HFM** = the Handling Fee Multiplier, being the relevant multiplier for LTC Pharmacy Services as set out in clause 3.3(h) of this Schedule;
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate;
- CoP** = the Service User Co-payment contribution (if any), as outlined in clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

- (ii) In addition to the individual claims that will be made for Pharmaceuticals Dispensed to Service Users registered to receive LTC Pharmacy Services in accordance with the formula set out in clause 3.3(b)(i) above, we will pay you a monthly Service Fee for providing LTC Pharmacy Services in respect of each Service User registered with your Pharmacy as receiving LTC Pharmacy Services as at the Claim Date in accordance with the following formula:

$$R = SF \times GST$$

where:

- R** = the total payment that we will pay you for provision of LTC Pharmacy Services to Service Users registered with your Pharmacy as receiving LTC Pharmaceutical Services;



**SF** = the Service Fee, being the monthly service fee payable for LTC Pharmacy Services, per LTC Pharmacy Services Service User registered with your Pharmacy, being;

- (A) the Service Fee listed as '(a) LTC Pharmacy Services Fee' in the Service Fee column, set out in clause 3.3(g) below if the Service User is receiving LTC Pharmacy Services but not Pharmacy High Needs Adherence Management (PHAM) Services; or
- (B) the Service Fee listed as '(a) LTC Pharmacy Services Fee' in the Service Fee column plus the Service Fee listed as '(b) Pharmacy High Needs Adherence Management (PHAM) Services Fee', set out in clause 3.3(g) below if the Service User is receiving Pharmacy High Needs Adherence Management (PHAM) Services;

**GST** = 1.15 or such other amount as correctly reflects the then current GST rate.

**(c) Specific Pharmacy Services**

- (i) You will claim and we will pay you, for providing Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services and Extemporaneously Compounded Preparations Services) and Pharmaceuticals listed on the Pharmaceutical Schedule that are Dispensed when providing Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services and Extemporaneously Compounded Preparations Services) in accordance with the following formula:

$$R = ((Sc + (Sc \times M) + (HF \times HFM)) \times GST) - CoP$$

where:

- R** = the transaction payment that we will pay you for provision of Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services) for each Pharmaceutical Dispensed when providing those Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services);
- Sc** = the GST exclusive subsidy specified for the Pharmaceutical in the Pharmaceutical Schedule as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical, being either:
  - (a) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.05 (i.e. a margin of 5%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00 and for all Special Foods as specified in the Pharmaceutical Schedule; or
- HF** = the Handling Fee, being the fee as set out in 3.1(a) above;
- HFM** = the Handling Fee Multiplier, being the relevant multiplier for the particular Specific Service as set out in 3.3(h) below;
- GST** = 1.15 or such other amount as correctly reflects the then current GST rate;
- CoP** = the Service User Co-payment contribution (if any), as outlined in clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount

from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

- (ii) In addition, we will pay you, based on the claims in (i) above, the Service Fee set out in 3.3(g) below, for providing Specific Pharmacy Services to a Service User, if:
  - (i) Pharmaceuticals listed on the Pharmaceutical Schedule are Dispensed to a Service User when providing Specific Pharmacy Services; and
  - (ii) one of those Pharmaceuticals Dispensed is an Initial Item; and
  - (iii) you have not previously Dispensed Pharmaceuticals to that Service User on the same day where one of those Pharmaceuticals previously Dispensed was an Initial Item.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

**(d) Named Patient Pharmaceutical Assessment (NPPA) Services A & B**

You may claim, and we will pay you, for Dispensing Named Patient Pharmaceutical Assessment (NPPA) Services A&B Pharmaceuticals in the following circumstances:

- (i) where the Pharmaceutical is already listed on the Pharmaceutical Schedule subject to special terms and conditions, and circumstances exist outside those terms and conditions which warrant the funding of the Pharmaceutical; or
- (ii) where the Pharmaceutical is not listed on the Pharmaceutical Schedule but circumstances exist which warrant the funding of the Pharmaceutical,

and otherwise in accordance with the funding policy for Named Patient Pharmaceutical Assessment (NPPA) Services applicable at that time.

- (iii) Calculation for Pharmaceuticals on the paper Pharmaceutical Schedule

Where the circumstances in clause 3.3(d)(i) above apply, you may claim, and we will pay you, for providing such Services and Pharmaceuticals under this Agreement, in accordance with the formula set out in clause 3.3(c) above.

- (iv) Calculation for Pharmaceuticals not on Pharmaceutical Schedule

Where the circumstances in clause 3.3(d)(ii) above apply, you may claim, and we will pay you, for providing such Services and Pharmaceuticals under this Agreement pursuant to a Named Patient Pharmaceutical Assessment (NPPA) authority, in accordance with the following formula:

- (v) Notwithstanding paragraphs (d)(iii) and (iv) above, where the circumstances in paragraph (d)(i) or (ii) above apply, both of us may agree to enter into an alternative arrangement with each other regarding the claiming and payment for providing the Services and Dispensing Pharmaceuticals.

- (vi) In addition, you will claim and we will pay you, based on the claims in (i) to (v) above, the Service Fee set out in 3.3(g) below, for providing Specific Pharmacy Services to a Service User, if:

- (i) Pharmaceuticals listed on the Pharmaceutical Schedule are Dispensed to a Service User when providing Specific Pharmacy Services; and
- (ii) one of those Pharmaceuticals Dispensed is an Initial Item; and
- (iii) you have not previously Dispensed Pharmaceuticals to that Service User on the same day where one of those Pharmaceuticals previously Dispensed was an Initial Item.

$$R = ((NPPAc + (HF \times HFM)) \times GST) - CoP$$

where:

- R** = the transaction payment that we will pay you for dispensing and advice services for each Named Patient Pharmaceutical Assessment (NPPA) Pharmaceutical that you provide under this Agreement;
- NPPAc** = Named Patient Pharmaceutical Assessment (NPPA) Product Cost: the GST exclusive invoice price to pharmacy of the minimum purchase order of the Pharmaceutical required to satisfy the requirements of the Pharmaceutical as at the date of Dispensing;
- HF** = the Handling Fee, being the fee as set out in 3.1(a) above;
- HFM** = the Handling Fee Multiplier, being the relevant multiplier for the particular Specific Service as set out in 3.3(h) below;
- GST** = 1.15, or such other amount as correctly reflects the then current GST rate;
- CoP** = the Service User Co-payment contribution (if any), as outlined in Clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

Notwithstanding paragraphs (d)(iii) and (iv) above, where the circumstances in paragraph (d)(i) or (ii) above apply, both of us may agree to enter into an alternative arrangement with each other regarding the claiming and payment for providing the Services and Dispensing Pharmaceuticals.

**(e) Extemporaneously Compounded Preparations Services**

- (i) You will claim and we will pay you, for providing the Extemporaneously Compounded Preparations Services and Pharmaceuticals listed in the Pharmaceutical Schedule, which involve you extemporaneously compounding those Pharmaceuticals, including Pharmaceuticals that require a syringe for use in a Graseby syringe driver, in accordance with the following formula:

$$R = ((\Sigma Sc + (\Sigma (Sc \times M))) + (HF \times HFM)) \times GST) - CoP$$

where:

- R** = the total payment that we will pay you for pharmacy services for each Extemporaneously Compounded Preparation Pharmaceutical that you provide under this Agreement;
- $\Sigma Sc$**  = the sum of the respective GST exclusive subsidies of the component Pharmaceuticals (as listed on the Pharmaceutical Schedule) for the Extemporaneously Compounded Preparation Pharmaceutical as at the date of Dispensing;
- M** = a margin towards the procurement and stockholding costs for the Pharmaceutical being either:
- (a) 0.04 (i.e. a margin of 4%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy of less than \$150.00; or
  - (b) 0.05 (i.e. a margin of 5%) for Pharmaceuticals with a Pharmaceutical Schedule Pack Subsidy that is equal to or greater than \$150.00, as specified in the Pharmaceutical Schedule;
- HFM** = either:
- (a) a Multiplier of 7.95, being the amount by which the Handling Fee for Core Pharmacy Services is multiplied in respect of Extemporaneously Compounded

Preparations Services, as set out in the table in clause 3.3(h) below; or

- (b) a Multiplier of 6.89, where you are required to extemporaneously compound a mixture to satisfy the requirements of a Prescription for Pharmacy Methadone Services for Opioid Dependence, being the multiplier for Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence) as set out in the table in clause 3.3(h) below. You agree to identify such extemporaneously compounded methadone mixtures in accordance with the requirements of the Procedures Manual and the Pharmaceutical Transactions Data Specification; or
- (c) a Multiplier of 26.50, where you are required to extemporaneously compound a mixture to satisfy the requirements of a Prescription for syringe driver services, being the multiplier for Aseptic Pharmacy Services as set out in the table in clause 3.3(h) below. You agree to identify such extemporaneously compounded mixtures in accordance with the requirements of the Procedures Manual and the Pharmaceutical Transactions Data Specification;

**GST** = 1.15, or such other amount as correctly reflects the then current GST rate;

**CoP** = the Service User Co-payment contribution (if any), as outlined in clause H4.4.

Where the applicable Service User Co-payment is the Standard Co-payment amount (or less), and R is a negative amount, this will be deducted from any other amounts payable by us to you (and R will be treated as positive for the purpose of making that deduction).

Where the applicable Service User Co-payment is an amount greater than the Standard Co-payment amount, the principle that will be applied if R is a negative number is that: we will not seek to recover the negative amount from you where that Transaction Sequence is a Negative A3 or J3 Transaction.

- (ii) In addition, we will pay you, based on the claims in (i) above, the Service Fee set out in 3.3(g) below, for providing Extemporaneously Compounded Preparations Services to a Service User, if:
  - (i) Pharmaceuticals listed on the Pharmaceutical Schedule are Dispensed to a Service User when providing Extemporaneously Compounded Preparations Services; and
  - (ii) one of those Pharmaceuticals Dispensed is an Initial Item; and
  - (iii) you have not previously Dispensed Pharmaceuticals to that Service User on the same day where one of those Pharmaceuticals previously Dispensed was an Initial Item.

**(f) Transition Payment**

Should there remain a Transition Pool, we will pay you a monthly Transition Payment based on your market share of initial items calculated by the process described in clause H22 of Part H.

**(g) Service Fee**

The Service Fee means the amount in respect of the Core Pharmacy Services, LTC Pharmacy Services or relevant Specific Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services), as set out in the table below:

Services	Service Fee
Core Pharmacy Services	\$2.50**
LTC Pharmacy Services	(a) <b>LTC Pharmacy Services Fee</b> \$30 per month

	<b>(b) Pharmacy High Needs Adherence Management (PHAM) Services Fee</b> \$43.32 per month
ARRC Pharmacy Services	\$0.00
CRC Pharmacy Services	\$0.00
Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence)	\$0.00
Aseptic Pharmacy Services	\$0.00
Sterile Manufacturing Services	\$0.00
Special Foods Services	\$0.00
Pharmacy Clozapine Services	\$0.00
Extemporaneously Compounded Preparations Services	\$0.00
Named Patient Pharmaceutical Assessment (NPPA) Services A	\$0.00
Named Patient Pharmaceutical Assessment (NPPA) Services B	\$0.00

\*\* per initial item

**(h) Handling Fee Multiplier**

The Handling Fee Multiplier means the amount, in respect of the relevant Pharmacy Services (excluding Community Pharmacy Anti-coagulation Management Services), by which the Handling Fee is multiplied, as set out in the table below.

<b>PU ID</b>	<b>Services</b>	<b>Handling Fee Multiplier</b>
PH1001	Core Pharmacy Services	1.00.
PH1002	Extemporaneously Compounded Preparations Services	7.95.
PH1028	LTC Pharmacy Services	1.00.
PH1029	ARRC Pharmacy Services	5.30.
PH1006	Class B Controlled Drug Services (including Pharmacy Methadone Services for Opioid Dependence)	6.89.
PH1010	Aseptic Pharmacy Services	26.50.
PH1025	Sterile Manufacturing Services	26.50.
PH1003	Special Food Services	5.30.
PH1008	Pharmacy Clozapine Services	10.60.
PH1004	Named Patient Pharmaceutical Assessment (NPPA) Services A	5.30.
PH1005	Named Patient Pharmaceutical Assessment (NPPA) Services B	7.95.
PH1035	CRC Pharmacy Services	5.30.

**(i) Quality Incentive Payment**

We both acknowledge that any quality incentive payment that may be payable is subject to further negotiation and, once agreed, will be dealt with as a variation to this Agreement in accordance with clauses L2 to L6.

**(j) Co-dispensed Opioid Services**

For the purpose of claiming for providing Co-dispensed Pharmaceuticals to Service Users who are registered to receive Co-dispensed Opioid Services, the claiming process in clause 3.3(c) of this Schedule H1 shall be used with the following clarifications:

- (i) Specific Pharmacy Services shall be read to include the provision of Co-dispensed Opioid Services;
- (ii) the Handling Fee Multiplier that shall be used for the purpose of the calculation in clause 3.3(c)(i) shall be the Handling Fee Multiplier for ARRC Pharmacy Services; and

- (iii) the Service Fee that shall be used for the purpose of clause 3.3(c)(ii) shall be the Service Fee for ARRC Pharmacy Services.

### **3.4 Transition Payment**

We will pay you Transition Payments during the transition period, which are to be calculated and payable in accordance with the process set out in clause H22.